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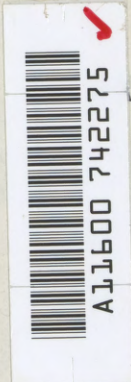
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90-18 **SUPERGRADE REQUIREMENTS**

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON
EMPLOYMENT AND CIVIL SERVICE
OF THE
COMMITTEE ON
OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NINETIETH CONGRESS

FIRST SESSION
ON
KANSAS STATE UNIVERSITY LIBRARIES

H.R. 10376

A BILL TO AMEND TITLE 5, UNITED STATES CODE, TO
PROVIDE FOR ADDITIONAL POSITIONS IN CERTAIN
EXECUTIVE AGENCIES, AND FOR OTHER PURPOSES

H.R. 6715

A BILL TO PROVIDE FOR THE APPOINTMENT OF PERSONS
TO GRADES GS-16, GS-17, AND GS-18 IN THE COMPETITIVE
CIVIL SERVICE BASED SOLELY ON MERIT AND
COMPETITIVE CIVIL SERVICE STANDARDS

JUNE 13, 20, JULY 13, AND 27, 1967

Serial No. 90-18

Printed for the use of the Committee on Post Office and Civil Service



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1967

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SUPERGRADE REQUIREMENTS

TUESDAY, JUNE 13, 1967

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MANPOWER AND CIVIL SERVICE
OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2251, Rayburn House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

This morning we begin a series of public hearings relating to supergrades, that is, GS-16, GS-17, and GS-18 positions under the Classification Act of 1949, as amended.

During the course of these hearings, we plan to review the requests for additional supergrades as proposed by the administration and by heads of the General Accounting Office and Library of Congress. Last year, Congress provided a total of 283 additional supergrades under Public Law 89-632. Of this number, 177 were placed with the Civil Service Commissioners for allocation to departments and agencies in the executive branch.

During the course of the public hearings last year, I indicated to Chairman Macy that if and when additional supergrades were required, the subcommittee should be so advised. On April 21, 1967, Chairman Macy advised me of the need for 245 additional supergrade spaces.

We have also heard from the Comptroller General and the Librarian of Congress, as well as the Director of the FBI. These requests are found in H.R. 10376, which I introduced on May 25.

We also have before us for analysis, H.R. 6715, introduced by the ranking minority member of the subcommittee, Hon. H. R. Gross. Mr. Gross' bill would provide for the appointment of persons to grades GS-16, GS-17, and GS-18 in the competitive civil service based solely on merit and competitive civil service standards.

The Chairman of the Civil Service Commission also has been advised of the interest of the subcommittee members in the recently inaugurated assignment system for supergrade personnel. The Commission's procedure for placing supergrade personnel certainly raises several questions; and we look forward to discussing these with officials of the Civil Service Commission.

The two bills, H.R. 10376 and H.R. 6715, will be placed in the record at this point.

SUPERGRADE REQUIREMENTS

(The bills referred to are as follows:)

[H.R. 10376, 90th Cong., first sess.]

A BILL To amend title 5, United States Code, to provide for additional positions in certain executive agencies, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5108(a) of title 5, United States Code, is amended to read as follows:

"(a) A majority of the Civil Service Commissioners may establish, and from time to time revise, the maximum numbers of positions (not to exceed an aggregate of two thousand eight hundred and twenty-two, in addition to any professional engineering positions primarily concerned with research and development and professional positions in the physical and natural sciences and medicine which may be placed in these grades, and in addition to two hundred and forty hearing examiner positions under section 3105 of this title which may be placed in GS-16 and nine such positions which may be placed in GS-17) which may be placed in GS-16, 17, and 18 at any one time. A position may be placed in GS-16, 17, or 18 only by action of, or after prior approval by a majority of the Civil Service Commissioners."

(b) Section 5108(b)(2) of title 5, United States Code, is amended to read as follows:

"(2) In addition to the number of positions authorized by subsection (a) of this section and positions referred to in paragraph (1) of this subsection, the Librarian of Congress, subject to the procedures prescribed by this section, may place a total of 35 positions in the Library of Congress in GS-16, 17, and 18."

(c) Section 5108(c)(1) of title 5, United States Code, relating to positions in GS-16, 17, and 18 for the General Accounting Office, is amended by striking out "64" and inserting in lieu thereof "90".

(d) Section 5108(c)(2) of title 5, United States Code, relating to positions in GS-16, 17, and 18 for the Federal Bureau of Investigation, is amended by striking out "110" and inserting in lieu thereof "140".

[H.R. 6715, 90th Cong., first sess.]

A BILL To provide for the appointment of persons to grades GS-16, GS-17, and GS-18 in the competitive civil service based solely on merit and competitive civil service standards

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

APPOINTMENTS AT GRADES GS-16, GS-17, AND GS-18

SECTION 1. Section 3324 of title 5, United States Code, is amended to read as follows:

"§ 3324. Appointments at GS-16, GS-17, and GS-18

"(a) An appointment to a position in GS-16, GS-17, or GS-18 in the competitive civil service may be made only after position classification and minimum qualifications standards for such positions are established by the Civil Service Commission and only by the following methods:

"(1) by selection, from within the competitive civil service, in accordance with the provisions of this title, based on promotion examinations given to those Federal employees who apply for such positions after adequate Government-wide notice is given by the Commission that vacancies exist for such positions; or

"(2) by open competitive examination in accordance with the provisions of this title governing appointments in the competitive service.

"(b) An appointment to a position in GS-16, GS-17, and GS-18 in the excepted service may be made only on approval of the qualifications of the proposed appointee by the Commission based on minimum qualifications standards established pursuant to subsection (a) hereof.

"(c) This section does not apply to a position—

"(1) provided for in section 5108(c)(2) of this title;

"(2) to which appointment is made by the President;

"(3) to which appointment is made the Librarian of Congress; or

"(4) the incumbent of which is paid from—

"(A) appropriations for the Executive Office of the President under the headings 'The White House Office,' 'Special Projects,' 'Council of Economic Advisers,' 'National Security Council,' and 'Office of Emergency Planning,' or

"(B) funds appropriated to the President under the heading 'Emergency Fund for the President' by the Treasury, Post Office, and Executive Office Appropriation Act, 1966, or a later statute making appropriations for the same purpose.

"(d) The Commission may prescribe regulations necessary for the administration of this section."

Mr. HENDERSON. We are happy today to have as the leadoff witness, the Chairman of the Civil Service Commission, Hon. John W. Macy, Jr., accompanied by Mr. Seymour S. Berlin, Director of the Bureau of Executive Manpower of the Civil Service Commission.

Mr. Macy, before we begin I would like to suggest, in view of the limited time that we have for the session this morning, that you confine your statement to the supergrade requirements. I would ask that the members of the subcommittee confine their questions to this area. Just as soon as our staff can get together with you and schedule another appearance, we would like you to come back for another session, at which time we will get into the areas of the assignment system and Mr. Gross' bill.

If we do that, I think we will be able to concentrate our interest in the one area this morning.

It is always good to have you before the subcommittee, and you may proceed.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION, ACCOMPANIED BY SEYMOUR S. BERLIN, DIRECTOR, BUREAU OF EXECUTIVE MANPOWER

Mr. MACY. Thank you very much, Mr. Chairman and Mr. Gross.

The arrangement you described is entirely satisfactory with me. Whatever your convenience is as to a subsequent session, we will be happy to return.

I appreciate the opportunity to present the view of the Civil Service Commission on H.R. 10376. The bill would increase the number of positions which may be placed in GS-16, 17, and 18 by the Civil Service Commissioners from 2,577 to 2,822, a net increase of 245 positions. Positions provided by this legislation would be available for use on a general Government-wide basis, as needed, without regard to specific agencies.

First, let me express our thanks and gratitude for the spirit of cooperation and consideration which this subcommittee has continuously given to the executive manpower needs of Government. Your committee has properly performed the role of a single overseer of the needs of Government for top-level positions. In our judgment, this continues to be preferable to having it done piecemeal by numerous committees through various legislative proposals. While maintaining control over the total number of GS-16, 17, and 18 positions, you have been understanding when genuine needs were brought to your attention.

Executive positions in Government and in the private sphere are becoming more and more complex and more and more important. The success of public and private ventures hinges increasingly on the

quality of the executives who lead such programs. Because we strongly believe that more quality executives are needed in the Federal service to administer the new programs authorized by Congress, I am pleased to testify in support of H.R. 10376.

As you recall, Mr. Chairman, last year Congress saw fit to increase the number of positions in GS-16, GS-17, and GS-18 to respond to needs developing from new legislation and rapidly expanding existing programs. A total increase of 177 positions was provided by Public Law 89-632, enacted October 8 of last year. The Commission has completed the distribution of these 177 positions to the various agencies throughout the Government. Rather than taking the committee's time by reading the specific details of this distribution, I have copies of a table with this information available for insertion into the record, if you so desire, Mr. Chairman.

Mr. HENDERSON. Without objection, it is so ordered.

Mr. MACY. I believe copies of this document are before you on the table. If not, Mr. Berlin will provide copies in case you wish to question me about the distribution following the completion of my statement.

(The table follows:)

DISTRIBUTION OF 177 POSITIONS IN GRADES GS-16, GS-17, AND GS-18
PROVIDED BY PUBLIC LAW 89-632

Agency:	Increased number of spaces
Advisory Commission on Parcel Distribution Services.....	1
Bureau of the Budget.....	4
Commerce.....	22
Commission on Civil Rights.....	1
Commission on Marine Sciences, Engineering, and Resources....	2
Defense.....	20
Export-Import Bank.....	1
Health, Education, and Welfare.....	56
Housing and Urban Development.....	33
Interior.....	1
Justice.....	1
Labor.....	15
National Advisory Commission on Rural Poverty.....	1
National Advisory Council on Economic Opportunity.....	1
National Foundation on the Arts & Humanities.....	2
Post Office.....	12
President's Council on Youth Opportunity.....	1
Securities and Exchange Commission.....	1
Water Resources Council.....	2
Total.....	177

Mr. MACY. Please note that a majority of these positions were assigned to recently expanded programs in the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, and the National Highway Safety Agency recently transferred from Commerce to the new Department of Transportation. These positions were required to provide initial management and professional leadership for the varied and important programs established by recent legislation.

I would like to emphasize that these positions were distributed with great care and attention. Against the availability of 177 new positions, we had strongly backed agency requests for over 500 positions. Each request from an agency was weighed against the urgency of requests from other agencies. We did our best to assess the relative merits of the competing claims from the various programs of Govern-

ment. Handling increased allotments this way allowed the Commission to be responsive to the highest priority emerging needs.

At the time of the allocations, the Commissioners established each individual position at GS-16, GS-17, or GS-18 commensurate with the duties and responsibilities assigned. Of course, these classifications were in keeping with the percentage quotas assigned by law; that is, no more than 12 percent at GS-18; no more than 25 percent in GS-17. The Commission, as required by law, then reviewed and approved the qualifications of each individual assigned to each position.

Last year Congress invited the Commission to return this session if the 177 positions made available by Public Law 89-632 were not sufficient to take care of the Government's needs resulting from new legislation being considered by Congress and enacted after Public Law 89-632 was passed. We now have had the opportunity to determine the most urgent needs presently existing throughout the Federal service. As a result, we strongly endorse and support the increase of 245 positions in the top three grades of the general schedule proposed by H.R. 10376.

Mr. Chairman, I would like to share with your committee information relating to Government program needs which require an increase in the number of GS-16, GS-17, and GS-18 positions available for our use. Needs for these additional positions in the top three grades of the general schedule come from such areas as establishment of new or expanded programs; establishment of new agencies and departments; established activities which become larger or more complex in response to population or economic growth; problems of coordination which intensify as different programs cut more broadly across agency lines; and grade structure inequities which cannot be corrected without an increase in the quota of GS-16, GS-17, and GS-18 positions.

Let me give some examples of these factors.

A need exists for additional top-level personnel in the Department of Justice to devise and apply new and more effective approaches to combating the criminal elements in our society. In addition, as the law office of the executive branch of the Government, its legal activities expand and become more complex as the overall programs of the executive branch expand and become more complex.

Since my last testimony before this subcommittee on additional top-level positions, significant legislation has passed establishing new programs or expanding existing programs in education, housing, and other areas of social welfare. The Demonstration Cities and Metropolitan Development Act of 1966, the Child Nutrition Act of 1966, the Clean Air Act Amendments of 1966, the Allied Health Professions Personnel Training Act of 1966, and many others, have been enacted and establish a requirement for qualified executives to oversee their effective implementation.

The newest of the Cabinet-level agencies, the Department of Transportation, is charged with developing new integrated transportation systems and conducting in-depth studies of the total transportation needs of the Nation. The Secretary must be able to recruit and retain a staff capable of providing innovative leadership to the Department of over 100,000 civilian employees.

Last year during the congressional debate on the establishment of the Department of Transportation, the administration was invited

to return this year to obtain additional positions to meet the Department of Transportation's needs. It was stated that the additional positions should be made available to the Department of Transportation through the general allotment given to the Civil Service Commission. The Department is now becoming operational and the need for these positions grows urgent.

In several places throughout Government, situations exist where several executives, doing essentially the same work, are unable to receive equal rates of pay because of a lack of authorized positions at GS-16. This situation is particularly acute in the National Labor Relations Board, where half of the regional directors are at GS-16 and half at GS-15, due to the inability of the Commission to increase their allotment of GS-16 positions. This inequity, with its attendant morale problems, should be rectified.

We have made estimates of how many positions it would take to answer these needs. Keeping in mind the desires of the President and Congress for economy and efficiency of operation, we think the 245 positions proposed in H.R. 10376 is a realistic increase to keep pace with the current needs of the Federal service.

H.R. 10376 would also eliminate the existing sublimitations on the number of positions under the Government-wide quota which may be placed in grades GS-17 and GS-18. Presently no more than 12 percent of the upper level positions may be classified by the Commissioners in GS-18, and no more than 25 percent in GS-17. The Commission believes that the sublimitations are an unnecessary and undesirable restriction on the administration of the positions in the best interest of Government and that the degree of flexibility intended by H.R. 10376 is needed. We assure the committee that we would be as careful in classifying these positions without these legislative controls as we now are. Our support of the removal of the sublimitations on GS-17's and GS-18's is done with full recognition of the increased administrative responsibilities that would be put on us. We will continue to exercise our judgment in the classification of positions in the top three grades of the general schedule with restraint and prudence.

Mr. Chairman, the Commission is in no position to render an opinion on the need for additional upper level positions outside the executive branch. Consequently, we have no comment on the proposed increases for the General Accounting Office and the Library of Congress.

We do support the proposed increase for the Federal Bureau of Investigation, which has been granted increases of upper level positions over the years by Congress through special authority.

I would also like to discuss with you a related problem which has become acute and requires prompt attention. The National Security Agency is not subject to the provisions of chapter 51 of title 5 of the United States Code—formerly a part of the Classification Act. I am still having difficulty using these code identifications rather than the traditional descriptive title. Because of this it is unable to take advantage of the provisions of 5 U.S.C. 5108 exempting certain professional engineering, natural science, physical science, and medical positions from the quotas established by Congress. At present, the National Security Agency, under the provisions of section 4 of Public Law 86-36, is limited to "not more than 90 civilian positions involving research and development functions which require the services of specially qualified scientific and professional personnel." The Agency

urgently needs additional top-level positions to carry out its crucial functions.

Rather than requesting an increase from 90 research and development positions to some larger number, I would like to suggest that Congress extend to the National Security Agency the same authority and flexibility afforded most of the other Federal agencies under section 5108 of title 5, which does not extend the quota limitations to top-level scientific and engineering positions. The Department of Defense has recommended this suggested legislative change and we concur wholeheartedly. As in the past, the Department of Defense would continue to review the individual positions proposed for GS-16, GS-17, and GS-18 by the National Security Agency, and the qualifications of the proposed incumbents.

Therefore, I recommend that this committee initiate action to amend section 4 of Public Law 86-36 to remove the numerical limitations it now places on scientific positions in the National Security Agency and to expand the coverage to specifically include professional positions in the cryptologic sciences. Enactment of this amendment would put the National Security Agency on an equal basis with most other agencies and would eliminate any need to submit legislative requests revising the number of positions authorized by section 4, Public Law 86-36. I would be most pleased to submit for your consideration amending language which would accomplish this suggestion.

We have such a text available, Mr. Chairman, if you would like to review it.

Thank you again, Mr. Chairman, for the opportunity to bring our views to the committee. If there are questions, I shall, of course, be glad to answer them.

Mr. HENDERSON. Thank you very much, Chairman Macy, for an excellent statement.

I think this logically follows the testimony that you have presented with regard to the allocation of the 177 positions. I would like to say, by way of announcement, that the subcommittee has decided that, following your testimony this morning and the subsequent session with regard to the executive assignment system, we will call various department and agency heads—for example, the heads of such departments as the Secretary of Health, Education, and Welfare, obviously, would be on our list, as well as Housing and Urban Development, perhaps the Treasury Department and the Department of Transportation—to get their testimony with regard to their request for, and the accuracy of, assignment of positions and to give us an opportunity to inquire into their overall status with regard to supergrades.

I feel this year that we have an opportunity to go into this entire area more in depth. We might conclude at that time that we would like you to come back to answer questions which would have arisen from that inquiry.

With regard to your statement on the National Security Agency, I shall ask the staff to attempt to set up a session for them to come in. I think it would be advantageous for us to take that in executive session, as we have in the past, in order that we can go in depth into some of the classified information they may want to talk to us about. We will specifically cover with them and the DOD your proposed amendment, Mr. Macy.

One of the questions which arise in my mind, with regard to that, is whether or not we need to relieve them of the entire request. You make a very valid argument, it seems to me, with regard to the scientific-research positions, but we would want to be sure that we are talking about scientific and research positions. There might be other positions that you would continue to monitor for NSA.

Mr. MACY. I think that would be a very effective procedure. I know General Carter would be very pleased to appear before you in executive session.

Mr. HENDERSON. It may be possible for them to come over tomorrow morning. Since you cannot be back and we had planned to meet tomorrow morning, it may be that we can work that in.

Mr. MACY. I think they are mobilized to appear and testify on short notice.

Mr. HENDERSON. I would also like to ask that our staff work with regard to our future hearings on those agencies which have large requests or important requests to the Commission so we might invite those agency heads in to testify during the course of these hearings in order that we can take a complete look at our situation.

As I said, obviously, from the distribution of the 177 positions that were granted last year, I think we can determine whom we would like to have come in.

I think it also would be well for our staff to consider others that perhaps did not receive large allocations out of the 177 positions that do have either large or important requests before you, so we could insure that the action we take this year with regard to your request will be proper and adequate.

Mr. MACY. I think this would be very helpful. It has been our purpose to speak for all of the Federal departments and agencies, but I am certain that they can speak much more effectively for themselves. We recognize that what the Commission is required to do here is to divide up a scarcity. Naturally, those who receive the division that we provide are not satisfied that they are receiving as many positions as they feel they require.

I think it important that they indicate their views directly to you, and that they have the benefit of your keen interest in this whole issue.

Mr. HENDERSON. That brings me to my first question of you, Mr. Macy. You comment on page 1 with regard to the oversight of our subcommittee. I would like to discuss with you a moment and ask the question what we can do to get better assurance that the various agencies do not put in their legislative requests or in their testimony before committees of Congress to have supergrades written into the legislation.

We have tried, as you know, to monitor the legislative requests coming to Congress. It is my feeling that the Bureau of the Budget perhaps should do a better job than it has done to see that it does not approve a legislative request for supergrade positions to be specifically written into the legislation by the various legislative committees. If they would do that, as the proper executive agency for this, then our staff could do a better job of monitoring the legislation as it is reported to the House or to the Rules Committee, and give us adequate notice so we might be able to take action on the floor.

We have had some recent experience which indicates legislation does get to the floor with specific supergrade language in the bills,

and we want to insure that we offer you an opportunity to help us, in the light of your testimony here, to see what we can do about this.

Mr. MACY. I feel very strongly about this. I am aware of the fact that, even in recent times since we have developed means for controlling this in the executive branch, there have been a few instances where legislation has been sent forward to the Congress which includes a proposal for additional supergrade positions. We do work with the Bureau of the Budget, and we need to make sure that our screen is somewhat tighter in the review of the legislative proposals so they do not come up here.

We feel we enjoy a very good relationship with your staff in identifying instances where submissions are made. We feel very strongly that centralizing the allocation, the distribution, and the qualifications of the individual for these top jobs is very important to executive leadership as well as to the Congress. We want to continue that practice.

Mr. HENDERSON. Mr. Bray has indicated to me that the cooperation of your staff is most excellent. I hope that we can arrive at the time when we would feel that we do not have to spend so much of our staff time and perhaps your staff time on this problem. Perhaps we can have a better system than we have now that will absolutely insure that legislation will not be proposed by the administration in this regard, and then we could concentrate on the action of the other committees of the Congress.

With regard to your statement on the National Labor Relations Board, it is my understanding that they have some 31 regions.

Mr. MACY. That is correct, 16 of the directors are in grade 16, and 15 are in grade 15, to make it easy.

Mr. HENDERSON. As I think of the other major departments, such as the Post Office Department and the FAA regions, is this not a large number of regional offices? I wonder what effort they have made to cut those down, and how the level of responsibility in those 31 would compare with one another.

Mr. MACY. This question has been raised, on our part, with the Chairman of the National Labor Relations Board, and he has explained to us that these offices function in quite a different fashion from those regional offices that have an administrative responsibility for certain areas of the country. They are primarily the offices that handle disputes or adjustments under the National Labor Relations Act. They are located in the centers where the primary activity of that type exists. They had a study made, by a management consulting firm in 1958, which recommended this particular pattern. They have been adhering to it since then.

It is their view that the responsibility of the regional director in every city is virtually the same and, consequently, the classification should be the same, but because of the high number and because of the overall limitation on the number of grade 16's, it has not been possible for the Civil Service Commission to meet their entire requirement. They have the situation where it is virtually half and half.

We have assured them that this year we would specifically refer to this requirement in coming before you so you would be aware of it. We are candid in saying that in the recent distributions of the additional supergrade positions, we did not feel that these jobs were of a sufficiently high priority to expend as large a number as would be necessary in order to equalize the grades for all of these jobs.

Mr. HENDERSON. I am very appreciative of this response, because it was my feeling that we should get into this question and try to determine whether we think you are right or they are right. Certainly I would pose to them the same question I do to you, and we will research it in much more detail with them.

I believe this year this is the kind of inquiry we ought to carry on. I think it will be helpful to the Commission.

Mr. MACY. It will, indeed.

Mr. HENDERSON. Certainly it will be helpful in carrying out our function.

Mr. MACY. I am certain Chairman McCulloch would be glad to come forward and make his case, as he sees it, as the responsible head of that agency.

I was interested to note that in 1936 when this agency was first established, they had 21 regional offices. The increase is only the number of 10 over the intervening 30 years. Apparently, the initial concept of the agency was to have a substantial number of locations in the field in order to facilitate the service to industrial management and to the union.

Mr. HENDERSON. We certainly want to determine if the workload and the level of responsibility were comparable in our inquiry on this.

I have one last question of you, Mr. Macy, at this point with regard to the National Security Agency, in the light of the remarks we have already made. We have the understanding, of course, as to DOD's review of their individual positions. I would like you to comment on what review or study or action you take with regard to their requests. As I understand your proposal, if the law were amended you would be relieved of that responsibility.

Mr. MACY. They have a special authority, Mr. Chairman, which I believe was enacted in 1958, which exempts them from any Civil Service Commission review, with the understanding that the Department of Defense, which has the operational responsibility for the National Security Agency, will review the positions that are being so allocated.

Mr. HENDERSON. In the light of that, would your legislative proposal eliminate DOD review?

Mr. MACY. No; the legislative proposal would continue the present pattern. It would not modify the separate legislation. The intent of Congress at the time the legislation was enacted, as I understand it—I was not present at the time—was that this was an Agency of such a high classification in terms of its sensitive work that it was a mistake to have an outside agency, such as the Commission, endeavor to understand the nature of the operation and that, instead, the Congress preferred to give them a total separate personnel system.

The Civil Service Commission does not have any involvement in any aspect of their personnel program. The Secretary of Defense has management supervision and responsibility over all of their operations, including their personnel system.

Mr. HENDERSON. Like you, I was not present at the time Congress acted on that. I would be glad to hear from our colleague, Mr. Gross, who may remember the enactment. From the hearings we have had subsequent to that, I would say I know of no reason that DOD monitoring is not effective, but I wonder if you have any reason to think that it could be done better by the Civil Service Commission.

Mr. MACY. No, I do not. I feel the Secretary of Defense has designated informed and responsible officials to review this operation. They are the same officials who have a concern for the substantive work that the Agency is doing. From my observation, they are doing an effective control job in the Office of the Secretary.

Mr. HENDERSON. So, their responsibility for allocating and improving the supergrades to NSA would be the same as yours would be for all other agencies in the general context?

Mr. MACY. That is correct.

Mr. HENDERSON. I believe that is all the questions I have. Mr. Gross?

Mr. GROSS. Thank you, Mr. Chairman.

Apropos of your remarks and those of Mr. Macy, with respect to scientific and professional positions, I think before we conclude these hearings we need to take a long and hard look at this whole picture of scientific and professional positions.

Mr. Macy, you gave us figures as to the distribution of the 177 supergrades which were provided last year. I wish you had paralleled that with figures on the total in the agencies, and then the number of supergrades that you propose to give these same agencies in the bill we have before us. Could you do that without too much trouble?

Mr. MACY. I certainly can on the first point. I have a table here which I would be happy to provide to the committee, which shows the total number of top-level positions under all of the authorities for each agency as of May 31.

Again, I apologize for the complexity of this system, but there still are some separate authorities that have individual justifications. So it is necessary, in order to get the total picture, to look not only at the number of positions distributed by the Civil Service Commission, but those that exist under special authorities such as Public Law 313, which again relates to the scientific and engineering group that you mentioned, Mr. Gross.

As far as the Commission's proposed distribution of the 245—

Mr. GROSS. I realize that would be difficult.

Mr. MACY. I can give you a general indication of that by the agencies concerned. I would say the primary need that faces the Commission at the present time is the need of the new Department of Transportation for the staffing of the Office of the Secretary and for the staffing of the new National Transportation Safety Board. These are totally new activities that relate to the creation of the Department last year. That would certainly be the largest single demand that we would anticipate.

Beyond that, we would see a need for additional positions in HEW because of the substantial increase which has taken place in that Department through the new programs which have been provided.

Mr. GROSS. There was a substantial increase last year—56. That is a substantial increase, Mr. Macy.

Mr. MACY. That is right. The agency requested that we provide 115 last fall. In our judgment, 56 out of the 177 was an appropriate share for HEW last year. This left a balance of some 59 unfulfilled position requests from that Department. Our present feeling is that some portion of that 59, not all of it but some portion of that 59, would definitely be warranted out of the increase.

Mr. GROSS. Please provide us, if you will, with as much additional information as you can in connection with the figures you have already given us.

Mr. MACY. I will be pleased to do so.

Mr. HENDERSON. Would you yield for one or two questions?

Congress intended we bring together in the new Department of Transportation, for example, FAA and the Coast Guard. Is it your conception that we shall be able to save any supergrades that were allocated to FAA by the reorganization, or are we putting in a superstructure to which we will have to allocate more supergrades because of the action of the Congress in forming the new Department?

Mr. MACY. My view, Mr. Chairman, would be that it is largely the latter; that it was the intent of Congress that agencies such as FAA be maintained intact, and that they not be, at least initially, modified. We have not found that there was any tendency to give up any of the supergrades that were already possessed by what have now become the constituent agencies of the Department of Transportation.

The requirement we are referring to here is largely developed out of the need for what you would call the superstructure, the Office of the Secretary, plus this new agency which was created by the Congress that has responsibility for national safety. This took over some functions from the Civil Aeronautics Board and some functions from the Interstate Commerce Commission. For the most part, this is a new agency. This reflects the concern of the Congress with the whole safety area in national transportation, and a desire to focus on safety, not by individual modes of transportation, but in terms of the total transportation system.

Mr. HENDERSON. If you will yield for one more comment here, Mr. Gross? At the same time we have a rather unique situation with the new Department of Transportation, we have within a very big agency, Health, Education, and Welfare, the creation of expanded or new functions. At the same time we see if Congress acts in that area, we get a big request for supergrades. I know you are familiar with this.

It seems to me these are the two agencies that we want to start out with, bringing them in, having our staff get for us the names and the qualifications, perhaps from your agency, the time they were approved, who hold these offices, what their responsibilities are, how many people there are within the agencies, and where they are physically located.

If think if we do that in depth in these two agencies, one newly created, the other primarily with newly created responsibilities, we will be able to do a much better job. I hope our record will be helpful to you.

Mr. MACY. I am sure that it will be. They are two contrasting examples of change created by new programs. The new Department was created to provide for the first time a means for coordination of all of the Federal Government's activities in transportation. The means for that coordination, the means for improved planning, the means for integrated research and development, will have to be achieved out of the units that are established over and above the present operating agency.

Mr. HENDERSON. One thing I would like to know is whether creating a new agency or creating a new function always results in more super-

grade positions. Has anybody given any thought in the organization of Transportation or reorganization of HEW, to organize them better to have top supervision?

It seems to me that every move which is made, usually the result of congressional action, is an expanding superstructure of top management.

Mr. MACY. Mr. Chairman, these are the questions that we try to ask of the agencies as we examine their requests.

Mr. HENDERSON. We will try to find out how difficult your task is.

Mr. MACY. You can be perhaps somewhat more penetrating in some of the questions that you ask on this point. I think these are very valid points. Every time there has been a discussion within the executive branch of a new organizational pattern, the question has come up: "What will be the consequences as far as the need for top-level positions?"

Mr. HENDERSON. May I ask one more question. What do you think would be the consequence of the consolidation of Labor and Commerce?

Mr. MACY. It should result in a reduction in the number of supergrades.

Mr. HENDERSON. Do you have an idea it would?

Mr. MACY. I am always an optimist.

Mr. GROSS. Mr. Macy, if you have any communications in mind now on a "see you later" basis with respect to supergrades, I wish you would lay them out on the table.

Mr. MACY. As far as I am concerned, Mr. Gross, the 245 that we are proposing to you at the present time represent the Commission's best judgment as to the numbers that are needed for the foreseeable future. I am not anticipating that we would come back up again next year unless something happened that would drastically alter the situation.

Mr. GROSS. I want to get myself off on the right foot this time, because you remember the experience of a year ago.

Mr. MACY. Painfully so.

Mr. GROSS. Yes, painfully so. I do not want to go through that again right away if I am in possession of any part of the few faculties that I have. I just do not intend to go through it. I am looking at your 245 increase with a highly jaundiced eye right now. I want to make my position completely clear in the light of what happened last year.

Mr. MACY. Last year we came before you and presented a case for 300 positions. Our effort was to try at that time to anticipate what the staffing needs would be.

Mr. GROSS. I understand.

Mr. MACY. The judgment of the Congress was that that was an excessive number. We are now coming back to recapture the balance between 177 and 300-plus, approximately 122 additional positions which we feel are over and above the requirements that we presented to you before because of legislative enactments since that time.

Mr. GROSS. In your statement on page 4, Mr. Macy, you say:

A need exists for additional top-level personnel in the Department of Justice to devise and apply new and more effective approaches to combating the criminal elements in our society.

Until we get an Attorney General who talks differently about crime, I do not know how far we are entitled to go in providing additional personnel. According to the statement the other day, we get the impression there is no crime wave and that the crime wave in this country goes up and down. As far as I have been able to discern, the crime wave does nothing but go up.

We gave a rather substantial increase to the Federal Bureau of Investigation last year. Where would these supergrades go? To the Attorney General himself?

Mr. MACY. These would be in other parts of the Department of Justice, Mr. Gross, in connection with the programs that the President has requested and the Congress has enacted, to provide assistance to States and localities for strengthening of law enforcement, to provide certain advisory functions from the National Government to assist on this front. The President believes that the whole issue of crime is an extremely critical one. He has had a Commission studying this.

Mr. GROSS. I agree with that, but I do not know how to relate this to the statements the Attorney General has been making on the subject of crime. I assume you have been reading them. They have been appearing in the newspapers and other media of publicity.

When you recruit from outside the Government to fill a supergrade vacancy, what kind of examination, if any, is given the potential nominee?

Mr. MACY. The qualifications of the individual who comes in from outside the Government are reviewed by the Civil Service Commission to ascertain whether or not he meets the standards that the Commission follows on those positions. In actual fact, a very small number of these positions are filled from outside in the competitive service. In the positions in the excepted service, the figure is somewhat higher, but even there, about two out of every three appointments are made from within the Federal service.

In answer to your question, on those few appointments that are made from the outside, the individual's qualifications are reviewed by the Civil Service Commission in relation to the standards set up by the Commission before the individual is approved for appointment.

Mr. GROSS. Who makes the actual evaluation of the capabilities of a political nominee? I might ask you, Mr. Macy, which hat do you wear when you evaluate the capabilities of a political nominee to one of these top jobs?

Mr. MACY. I have only one hat. I am Chairman of the Civil Service Commission. As far as the Commission's review—

Mr. GROSS. When did you lose the other hat?

Mr. MACY. I have never had more than one hat. I have been exclusively the Chairman of the Civil Service Commission. I have done some additional work in that capacity with respect to advising the President on some of his appointments, but I have only one job, as Chairman of the Civil Service Commission, and only one salary.

All of my concern is with providing leadership for the Civil Service Commission in the evaluation of those appointments on the basis of merit in selection for positions in the Federal Government. Where I occasionally assist the President, it is also in terms of evaluating candidates he is considering in terms of merit, not on any other terms.

Mr. GROSS. Mr. Macy, this is not directly related to supergrades, but only a few days ago a gentleman appeared before the Senate Foreign Relations Committee as the nominee for the office of Ambas-

sador to, I believe, Uruguay, who said he did not know why he was selected, he had no diplomatic experience, and he had never been to South America. I wonder what qualifications—

Mr. MACY. I believe you are referring to Mr. Hernandez, whom the President nominated as Ambassador to Paraguay. He is a distinguished attorney in New Mexico. He has been active in civic affairs there. He has a high command of the Spanish language. In my judgment, he will be a fine Ambassador.

Mr. GROSS. I am glad to know he speaks the Spanish language.

Mr. MACY. Very well. He comes from a Spanish family.

Mr. GROSS. I do not want to take all the time. Obviously, we have only a very short time this morning. Just one other question. Is the White House still holding "teas" for newly appointed supergrades?

Mr. MACY. I am not aware they ever held any teas for newly appointed supergrades. After the individuals have been appointed by the heads of their departments and agencies and after the Civil Service Commission has approved their qualifications, they are invited to a meeting at the White House, that is correct. That has been done for the past 20 months for those who have received appointments.

Mr. GROSS. Thank you, Mr. Chairman. I have many other questions, but I will yield to the other members.

Mr. HENDERSON. Mr. White?

Mr. WHITE. Are the departments having a difficult time retaining the supergrade personnel? If they are, what agencies are these?

Mr. MACY. It depends a great deal, Mr. White, on the professional or occupational field in which the individual is trained or is employed. There are national shortages and heavy competition, particularly for scientists and engineers, economists, doctors, and there is a constant flow of offers that come to people in the Federal service for jobs of that kind.

I do not have any precise figures as to what the turnover is. We know that from the Civil Service Commission's work with respect to those that occupy supergrade positions, we are there involved in from 25 to 30 percent of the positions each year.

That does not mean that 20 to 30 percent are leaving each year, but frequently these represent vacancies due to promotion actions or vacancies due to reassignment. We are hopeful that with our new executive assignment system and the additional information that that will bring to us we will have the kind of precise answer that I would like to be able to give you today but I am unable to.

Mr. WHITE. I presume, from the discussion, that the Commerce Department did not relinquish any of their supergrade positions to the Department of Transportation?

Mr. MACY. They transferred to the Department of Transportation the Bureau of Public Roads, the National Highway Safety Agency, the National Traffic Safety Agency, and the Office of the Under Secretary of Commerce for Transportation. Those supergrades that were in those units have been transferred over to the Department of Commerce and now constitute their working group.

Mr. WHITE. Did they have any supergrade positions that were contained in some of the Department of Transportation's present responsibilities, that they still hold?

Mr. MACY. No; all of those that had any identification with transportation have been transferred fully over to the Department of Transportation.

Mr. WHITE. Thank you very much, Mr. Chairman.

Mr. HENDERSON. Mr. Brasco.

Mr. BRASCO. What are the salaries for the grades 16, 17, and 18?

Mr. MACY. The present salary for a 16, the first rate is \$20,075. It runs up over nine rates to \$25,435. Grade 17 starts at \$22,760 and runs up five steps to \$25,800 and there is one rate for grade 18 which is \$25,890.

Mr. BRASCO. I notice this legislation calls for 245 supergrades.

Mr. MACY. Right.

Mr. BRASCO. That is endorsed by the Commission because there is a need for more quality executives in the Federal service? Is there a plan to be followed, or is this in line with what my colleague, Mr. Gross, was talking about?

Is there a plan in terms of agencies that are in existence right now—not agencies to be formed or that may be created—whereby those people who are part of the agency now would be brought up to a supergrade level?

Mr. MACY. The bulk of the positions classified at the supergrade level are filled by promotion, by the merit promotion system, within the Federal service.

Mr. BRASCO. I know that.

Mr. MACY. From within the Government.

Mr. BRASCO. With all due respect, I have heard that said so many times, but I have been disappointed. I do not mean to be a naive Congressman from New York, but I have been disappointed in the kind of disparity that exists between a decision which is made in terms of who has the merit. There is no definite kind of rule that is used, is there?

Mr. MACY. Yes; there are standards that—

Mr. BRASCO. Is there an examination and the fellow who gets the highest examination score gets the promotion, so to speak?

Mr. MACY. No, sir. These are not paper-and-pencil examinations as such. It is an evaluation by the Civil Service Commission in conjunction with the agency head who has the appointing authority to determine which among a number of competitors possesses the experience, the ability, and the education which is most appropriate to the job to be filled.

Mr. BRASCO. It is conceivable that two people who might be under consideration, or numbers of people who might be under consideration, some being involved in the service or the agency for a number of years, might be underrated as against someone who has never been in that service before.

Mr. MACY. I know the case that you are referring to.

Mr. BRASCO. It is not that particular case.

Mr. MACY. I think that was one particularly atypical myself.

Mr. BRASCO. A number of these cases have been called to my attention. Since it is a case that we are talking about now, if that case exists, it seems to me it destroys the whole method of evaluation, at least in my mind, where a 30-year man in service does not come out more qualified than people who were never in that service before. That is completely inconsistent.

Mr. HENDERSON. Mr. Brasco, the House has a quorum call.

Mr. BRASCO. I am glad Mr. Gross is here. I cannot blame him for that one.

Mr. HENDERSON. Can you be back Tuesday, Mr. Macy?

Mr. MACY. Be happy to.

Mr. HENDERSON. Tomorrow at 10 a.m., General Carter, head of the National Security Agency, will be here. We will also advise Secretary Morris' office so that the Office of Secretary of Defense will be represented.

We will see you next Tuesday, Mr. Macy.

Mr. MACY. I look forward to it. Thank you very much, Mr. Chairman.

Mr. HENDERSON. The subcommittee stands adjourned.

(Whereupon, at 11:08 a.m., the subcommittee adjourned, to reconvene at 10 a.m., Wednesday, June 14, 1967.)

Mr. Hazzardson. Can you be back Thursday, Mr. Jones?

Mr. Jones. I am sorry to

Mr. Hazzardson. I am sorry to

the National Security Agency will be here. We will also be here

very likely. We will be in the Office of Security in Dallas with the

represented.

We will see you next Tuesday, Mr. Jones.

Mr. Jones. I look forward to it. Thank you very much, Mr.

Cliffman.

Mr. Hazzardson. The subordinate stands adjourned.

Mr. Hazzardson. At 11:00 a.m., the subordinate adjourned to recon-

vene at 10 a.m. Wednesday, June 14, 1967.

SUPERGRADE REQUIREMENTS

TUESDAY, JUNE 20, 1967

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MANPOWER AND
CIVIL SERVICE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The hearing was resumed at 10:10 a.m., in room 2251, Rayburn Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

This morning we are continuing public hearings relating to positions in GS-16, GS-17, and GS-18 levels of the Classification Act. Last week we had the pleasure of hearing from the Chairman of the Civil Service Commission, Hon. John W. Macy, Jr., relative to overall requirements for additional supergrades in the departments and agencies in the executive branch of the Federal Government. We also met in executive session to discuss requirements for top-level positions in the National Security Agency.

This morning we plan to discuss with Chairman Macy the details of the recently inaugurated procedure for assigning supergrade personnel. Mr. Macy has also been asked to be prepared to discuss H.R. 6715, introduced by the ranking minority member of the subcommittee, Hon. H. R. Gross. Mr. Gross' bill would provide for the appointment of persons to grades GS-16, GS-17, and GS-18 in the competitive civil service based solely on merit and competitive civil service standards.

Mr. Macy, we welcome you and Mr. Seymour Berlin.

Off the record.

(Discussion off the record.)

Mr. HENDERSON. Mr. Macy, would you speak on the executive assignment procedure then, or on both?

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION, ACCOMPANIED BY SEYMOUR S. BERLIN, DIRECTOR, BUREAU OF EXECUTIVE MANPOWER

Mr. MACY. I would be happy to do both, Mr. Chairman, because I feel that what is involved in the executive assignment system is very closely related to Mr. Gross' bill.

In order to conserve your time and not go into too much detail I would like to summarize the objectives of the executive assignment system and give you a report on its current status, and then I will be happy to go into further detail to any degree you and Mr. Gross desire.

The basic objective of the executive assignment system is to provide a manpower program for assuring that the Government will continue to have sufficient numbers of top-quality people to meet both the present and future needs for effective and efficient executive management and leadership. That is a one sentence statement of the objectives.

Now to be more specific, the system will use modern manpower methods to really do five things:

First, to plan for future executive manpower requirements in the individual agencies and for the Government as a whole. This would be achieved by a regular series of meetings between the Civil Service Commission and individual department and agency heads to discuss with them the top structure of their organization and how they see staffing that organization for the future. It would permit an opportunity to review with them the qualifications of the individuals presently performing these jobs, to indicate when they are likely to retire or to otherwise leave the job, and what the agency foresees as its future requirements.

It would also afford the Commission an opportunity to ask some questions of the agencies about the manner in which they assign their top people. It would afford the Commission an opportunity to describe to the agency some of the Government-wide services that would be available in staffing the top jobs.

The second objective would be to make available to agency heads information about the most capable executives from throughout the Federal service and from outside Government whenever they are making assignments to upper level positions.

To achieve this objective the Commission is requiring that in advance of filling any top position an agency head come to the Civil Service Commission to ask for names of qualified individuals who meet the qualifications of the vacant position out of an inventory of all Federal employees at grades 15, 16, 17, and 18. Where the conclusion is reached that there is not an individual with sufficient qualifications available within the Government, an examining panel and a search and evaluation program will be organized with the agency in order to find the qualified individual from outside the Government.

Third, to encourage the development of a Federal executive staff committed to the overall purposes of Government rather than to one agency or program. This would be achieved by having within the system all those who are presently and will be the future incumbents of positions at these grades, having them know that they have their qualifications on file and that they will be considered for Government-wide assignment.

It will also permit the Government to know more about the executive and professional resources that exist within the Government at any particular time, and to encourage a consideration of total Government requirements rather than the requirements as seen solely by each of the 80-some agencies of Government.

Fourth, to give outstanding executives expanded opportunities to use their talents throughout the Government by having their names and qualifications in the inventory. Individuals with the requisite qualifications will know that their names will be referred when there are vacancies that match their qualifications, that they will receive consideration.

I want to make it clear that under this system no one is required to leave the agency he is presently in. It is an opening of opportunities. It still will be the individual's choice as to whether he stays where he is or accepts any of those opportunities.

And fifth is to give Government-wide consideration in the filling of these jobs and to make certain that in filling these jobs there is a reference to the qualification required for each job and that the appointments are made strictly in accordance with merit.

A byproduct of the system is the definition of the line between the top positions which are a part of the career service and are under the competitive civil service and those positions that are excepted and outside of the competitive civil service. In the past, this line has been drawn through the placement of certain positions in schedule C by the Commission. This originated in the early days of the Eisenhower administration as a means of setting outside of the career service those individuals who were in positions which were in a confidential relationship to a Presidential appointee or some other policymaking official or were involved in nationwide policy determination themselves.

The President, in his Executive order, has added an additional criteria for exception. That is in positions where there is advocacy for a policy or program involved. It is the Commission's view that the line would be more appropriately drawn along those lines, and we would have under the system certain noncareer executive assignments which would be clearly recognized as outside of the career competitive service and not carrying with them all of the characteristics of civil service, such as status.

There is one other feature of the program which I think it is important to point up, and that is that there is provision in the Executive order for limited assignments. This has been considered as necessary in order to meet temporary, short-term or emergency needs where the full process of the executive assignment under the career side of the plan would take too long and would fail in meeting the operating needs of the Government agencies. This would be an infrequently used device available to meet particular emergency needs.

It is equivalent, Mr. Chairman, to the TAPER-type of appointment which we discussed in this room last month. These appointments would be clearly of a temporary nature.

I would like to emphasize, too, in view of the fact that I am before your committee, that in the Commission's judgment this plan is quite different from the plan that was advanced in 1958 for special consideration of top-level positions. For one thing, this system is entirely within the jurisdiction of the Civil Service Commission. That system was to be administered by a separate board appointed by the Commission.

Under this system there is exclusive use of existing authorities that have been assigned to the Civil Service Commission by the Congress; authority such as we have discussed in these hearings with respect to the allocation and distribution of supergrades; authority with respect to approval of the qualifications of those appointed to the supergrades.

The principal additional feature which we feel is of great importance in this system is the development of the Federal executive inventory. This is the collection within the Commission of complete information

concerning those men and women who are in grades 15, 16, 17, and 18, and from that inventory providing the names of individuals qualified to occupy certain specific positions, the qualifications for which have been determined jointly by the Commission and by the agency.

So that this new system is a means of using the existing authorities to develop a more effective means for assuring merit and a more effective means for assuring the optimum opportunity for people who are in the upper levels of the service.

This system contrasts with the one in 1958 in that it does not call for the selection of only certain individuals for specific designation from the many who are serving at qualifying grade levels. It automatically brings into the system all those that are presently serving at appropriate grade levels. It also, as I indicated earlier, does not impose any mandatory action on the individual employee. It is still a matter for his choice.

It is also important to note that this in no way changes the individual's tenure or status when he is in the career service. He retains status and tenure; he retains all the rights that he had previously in moving up into these positions. Similar to the 1958 program, we are endeavoring to give special attention to the top-level positions and the people in those positions. We feel that the leadership responsibilities in Government, whether they be in management or in the professional fields, are so important that there should be the greatest care exercised in the selection of well-qualified individuals for this purpose.

Now, as far as the status of the program is concerned, it was established by Executive order—Executive Order 11315—on November 17, 1966. In the Executive order the President called for its installation after a year of preparation. We have engaged in a number of early efforts in order to prepare for that deadline date on November 17, 1967.

We have first endeavored to inform all interested people as fully as possible about the plan. We have sent a copy of the plan to every incumbent of a supergrade position. We have sent a copy of the plan, with additional explanatory information, to department and agency heads, and we have had a universally favorable reaction from those department and agency heads. A number of the comments we have received have been really quite effusive in hailing this as an improved means of staffing the top levels of the Government.

We have sent copies to every Member of the House and the Senate so that they could be fully informed. These for the most part have been received by Members without any comment. Generally, the comments that we have received have also been favorable.

We sent out about 125 copies of the plan to key business and industrial leaders in order to get their reactions to it during this 1-year preparatory period. They have been unanimous in their endorsement of the program. If you care to take the time, there are some of these endorsements that I would be happy to put in the record.

We also sent out copies to 240 key people in the academic community and in professional organizations, and here again the overwhelming majority of them gave strong endorsements. The only adverse comments that we had from the academic community were to the effect that we hadn't gone far enough, the feeling being that this was still placing far too much responsibility for action in the

Civil Service Commission and that there were not enough innovative changes from the present system; changes, for example, in tenure. Few of the scholars felt that the only way these positions could ever be staffed in such a way as to be responsive to leadership would be to eliminate the tenure and status, which we have not done.

In addition to this effort, we have created within the Civil Service Commission a Bureau of Executive Manpower, a Bureau headed by Seymour Berlin, who has more than 20 years of experience in the Civil Service Commission, most recently as Director of the Commission's Bureau of Inspections. He has been in the process of recruiting a first-rate staff in order to carry out this program.

In conjunction with the creation of the Bureau, Mr. Chairman, we transferred to it all of the functions within the Civil Service Commission that related to these particular jobs. This meant the determination of whether or not a job was in the competitive service or in schedule A or schedule C. It meant the process of allocating and distributing supergrades. It meant passing on the qualifications of individuals proposed for supergrades. So we feel that even if we hadn't had the executive assignment system as a motivation for this we have brought about an organizational improvement in the Civil Service Commission that centralizes in one place the Commission's concern for this very critical portion of the Federal population.

We have been able in staffing the organization not only to draw upon resources within the Civil Service Commission, but we have been able to pick up by transfer some very experienced people from other parts of the Government. So we have a mix of about 50-50, Civil Service Commission people and people from outside of the Civil Service Commission.

We have used the advice of a number of people from private industry in the course of developing this system. We had our people tour a number of the major companies to see how they handled their executive assignment and placement system. We found a number of very helpful ideas, but we also found, as we had expected, that the Federal Government had a larger and more complex problem to deal with.

Thirdly, we have been providing Federal executives not only with information, but we have selected a group of about 110 who have worked with us in the design of the executive inventory.

The executive inventory is our most substantial task to undertake, and we have here—and we would be glad to distribute to you—a copy of the executive inventory record. In fact, you may have that before you. The executive inventory record will form the basis for providing information that will go on the computer in the inventory. This was developed after a great deal of consultation with a representative group of the very people who will be filling it out.

This will provide the Commission with information that will permit referral of names against qualification standards when an agency head is endeavoring to fill one of these jobs. It will also provide, Mr. Chairman, information which we have never had available before about the characteristics of the leadership element within the executive branch. It will show from whence they came, it will show their education, it will show their career patterns, it will show their age distribution. It will give us information that we have not had before.

Now supplementary to this is a question and answer booklet which we developed out of the questions that were asked us in the course of the total consulting process, but particularly questions asked us by executives who participated in the development of the inventory record. These questions also include those that have been asked of us by representatives of the agencies who will be using this system in the future.

We will have, when this is completed, an inventory of approximately 26,000 people. This will be the largest inventory of its kind, and we believe that with the marvel of the computer we can utilize this data in such a fashion as to facilitate the quality placement of career people in top jobs.

Now in addition to the task of developing the executive inventory, Mr. Berlin's bureau has had a continuing workload in processing individual cases—and I might add as a footnote that this is a volume business, as you can well recognize. We average something over 100 individual actions each month in the supergrade area. This doesn't mean that there are 100 new appointments, but it means there are reassignments or upgradings or redescription of jobs that call for an individual approval action to be taken with respect to an individual by the Commission at the agency's request.

In addition to the inventory and the continuing work, the Commission has been engaged in the development of plans for future action. The first plan is with respect to the development of this series of staffing reviews with the departments and agencies. I like to describe these as parallel to the reviews that the Bureau of the Budget has with agency management with respect to their financial plans. We feel that from a managerial point of view an agency's top staffing plans are just as important as their financing plans because the efficiency and achievement of a department or agency is largely determined by the quality of the leadership that it has at the top.

Secondly, the Commission has been working on improved procedures for the identification and examination of talent from outside Government. As I pointed out initially, this same operation will be a means for assisting the departments and agencies in finding needed talent when the necessary skills are not available within the Government. This will only be done after qualification standards have been set up for each vacancy and where there is not an adequate supply of people available within the service.

This will be done by creating an examining panel in each agency so that competitive examining processes will be followed in considering anyone from the outside who is going to enter one of these positions.

I think it is interesting to note, Mr. Chairman, that our experience in recent years shows that about 90 percent of the positions in grades 16, 17, and 18 are being filled by placements from within the Federal Government. We don't anticipate that under this system there will be any marked change in that percentage, but it is our hope that the agency head will have a broader range of choice from across the Government and that Federal employees will have a broader range of opportunities as a result of the working of the system.

Third, the Commission has been giving study, in accordance with the President's instruction, of a program for executive recognition in order to more publicly recognize the contributions made by career

executives. This is prompted, Mr. Chairman, by a belief that our salary and benefit system in the Government is such that there are very narrow distinctions between those who carry heavy responsibility and those at lower levels. We tend, regardless of how diligently we work at raising the salaries at the top, to have a compression in salaries, so that there are much narrower salary differentials between those in 13, 14, and 15 and those in 16, 17, and 18 than you would find in other institutions. This is borne out by a number of surveys that we have conducted.

In addition the Government, very properly in my judgment, has adopted a system whereby all benefits apply equally to all employees regardless of their salary, so that you do not have, as you have in some private organizations, certain extra benefits given to those who exercise executive responsibility, such as expense accounts, stock options and other devices that increase the compensation of those at the top. The benefits are all the same.

So our point in this area of exploration is what is appropriate as a further means of recognition for those who accept the responsibility, the difficult tasks, that are involved in these particular jobs.

Fourth, the Commission is working to design a continuing advisory relationship on this program, an advisory relationship with the executives themselves who will be in this system, so that we are constantly receiving a feedback on the system from the people that are within it; an advisory relationship with agency officials so that those that are using the system have a channel for criticism to the Commission; and then finally to the business, academic, and labor communities so that we can have the benefit of their reactions to this system. This advisory pattern is a very important part of the environment of this whole system.

And then finally, in accordance with the President's request, the Commission has been exploring what additional training and educational opportunities should be opened up and offered to members of this group.

In the report of your subcommittee, on training, I was interested to see your encouragement of additional attention to executive training. This is our purpose here.

We will have in conjunction with this more detailed exploration of the means for establishing a Federal executive institute which would be for this group what King's Point and Berkeley has been for the grade 14 and 15 level. This would be a concentrated, intensified residential program designed to meet the unique needs of this particular group rather than using any existing educational institution or grafting this on to the National War College or the Foreign Service Institute or some other existing organization. We find a strong interest on the part of agency management in such a program. They have been encouraging us to push this for quite some time.

Mr. Chairman, in connection with this let me comment on Mr. Gross' bill.

I would like to introduce in the record, with your permission, sir, the Commission's report on H.R. 6715, which I believe was submitted on June 12 to the chairman of the full committee.

Mr. HENDERSON. Without objection, it will be reported in the hearing.

(The Commission's report is as follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 12, 1967.

Hon. THADDEUS J. DULSKI,
*Chairman, Committee on Post Office and Civil Service, House of Representatives,
Cannon House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request of March 30, 1967, for the views of the Civil Service Commission on H.R. 6715, a bill "To provide for the appointment of persons to grades GS-16, GS-17, and GS-18 in the Competitive Civil Service based solely on merit and Competitive Civil Service Standards."

The Civil Service Commission is in complete agreement with the merit system philosophy expressed in this bill. The Commission is also in agreement with the specific principal objectives of this bill which are: (1) to provide for application of objective and meaningful classification and qualification standards for top level Civil Service positions, (2) to provide for Government-wide recruitment for filling top level positions from within the Federal Service, and (3) generally to provide for competitive examinations in filling these top positions.

The Administration has already taken action which generally accords with the objectives sought by H.R. 6715. This was done when the President issued Executive Order 11315 which established the Executive Assignment System.

Among its many program requirements, the Executive Assignment System will provide for the development of qualifications standards for the filling of specific jobs and evaluating the individuals against these standards. The qualifications required for each vacancy will be established by the Civil Service Commission after appropriate consultation with the agency in which the vacancy occurs.

A key aspect of the Executive Assignment System will be the establishment, maintenance and use of the career executive inventory. When fully developed, the inventory will contain biographical and work experience data on approximately 25,000 Federal employees working in grade levels GS-15 through GS-18 and at equivalent pay levels in other salary systems. This inventory will use automatic means for initial screenings so that the information in the inventory will be readily available.

One of the first actions that will be taken when a vacancy occurs in the top three grades of the General Schedule will be for the development of qualifications standards geared to the specific job. Following this, the agency will consider fully employees under its own merit promotion program and those highly qualified employees screened from the Executive Inventory by the Civil Service Commission who meet the qualification standards of the vacancy.

The Agency will be required to use an Executive Assignment Board to recruit applicants from outside the Federal Service whenever outside recruitment is deemed necessary or desirable. Open competitive examining procedures will be used by these Boards. All requirements in title 5 of the United States Code relating to appointment in the competitive service and veteran preference will be fully complied with. These Boards will be legal instrumentalities of the Commission and under our complete control.

The objectives of H.R. 6715 to assure application of "minimum qualifications standards" and to assure open competitive recruitment will be effectively met by the above outlined procedures.

The objective of assuring consideration of employees on a Government-wide basis will be effectively provided by the consideration which all employees in the Executive Inventory will be given. For this reason, we feel that the advertising of these positions throughout the Government need not be required. In other words, the job will seek the man and if the man is highly qualified for the position the Commission will see to it that he receives meaningful consideration.

The Commission already is required by law to exercise control over both the classification of positions and the qualifications of the proposed incumbents. With few exceptions, all positions established at grades GS-16, GS-17, and GS-18 in the competitive service must be approved by a majority of the Civil Service Commissioners. In classifying these positions, the Commission utilizes the standards contained in the classification statute, published occupational standards and guides as well as comparisons with benchmark cases which have been previously decided. In addition to the classification of the positions, all persons proposed for appointment to positions at GS-16, GS-17, and GS-18 must be approved by the Civil Service Commission prior to their appointment.

In light of the above, there does not appear to be any need for additional legislative action in this area. The operation of the Executive Assignment System will assure that (1) positions are properly classified, (2) appropriate qualification standards are developed for each position under Civil Service Commission surveillance, (3) automatic Government-wide consideration of eligible employees will be accomplished, and (4) open competitive procedures are followed.

The Bureau of the Budget advises that from the standpoint of the administration's program, there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, JR., *Chairman.*

Mr. MACY. In that report, Mr. Chairman, the Commission has analyzed this bill and has indicated that for the most part the recommendations in the bill are in line with the objectives of the executive assignment system.

It is the intention of the bill to assure that qualification standards are developed for each position. That is the intention of the assignment system.

It is the intention of the bill that there be the broadest application of merit standards and the broadest possible opportunity for Federal employees in advancement into these jobs. The executive assignment system is intended to accomplish that purpose.

The bill calls for the application of minimum qualification standards and competitive recruitment when individuals are appointed to these levels from outside of government. Clearly that is a part of the executive assignment system.

The bill would also provide that veterans' preference and other rights under existing civil service laws be maintained for such employees. That clearly is the intent under the executive assignment system.

The requirement in the bill is that the Commission exercise control over both the classification of the positions and the qualifications of the proposed incumbents. With few exceptions, the Commission at the present time does establish the jobs at grades 16, 17, and 18, and as we have discussed at times, this becomes a rather bruising experience. In addition the Commission has, since 1956, passed upon the qualifications of those entering these jobs, whether they are under civil service, or whether they are excepted. So, the Commission has that obligation at the present time.

So, Mr. Chairman, it is the Commission's view that it is in agreement with the basic principles that are in the bill and believes that the executive assignment system would accomplish those principles, and that therefore legislative action would not be required. However, if the Congress judges that legislative action would be desirable for the purpose of incorporating this program in law the Commission would have no serious objection.

I apologize, Mr. Chairman, for taking so long. I hope I have not gone into too much detail.

Mr. HENDERSON. Thank you. I will say for myself that I needed this hearing to fully understand the proposed system, and I am not sure that even now I do because it is a complex subject.

I would want to yield, of course, to Mr. Gross because of his long-time and intense interest in the overall subject. But I would like to discuss with you briefly here something that I think I have seen, and I don't know that I have any strong feeling about this, but I would

like to hear from you as to what you think. I think the best way I could approach this is to use a couple of specific cases.

With the legislative action of the last Congress in establishing the Department of Transportation, it was my observation that the Secretary, Mr. Boyd, was assigned to the task of following the legislation on the Hill, and it was, I think, fairly well assumed that he was an expert in the general area, and perhaps would become the Secretary.

Then I recall the Appalachia legislation, and I believe that the top executive likewise was active on the Hill and in legislative action.

If you start from this position with regard to a new agency, new function within a department, what is your reaction as to how that is going to work at that high a level, if I understand the executive assignment system—how is that going to affect the effectiveness of the executive assignment system? Do you think it does?

Mr. MACY. Yes, I feel that it does. In fact, in the course of staffing the Department of Transportation, particularly the Office of the Secretary, I have said to Secretary Boyd a number of times, "I wish the executive assignment system were in operation now so we could give to you based upon qualification standards for the vacancies you are creating a list of qualified people from elsewhere in the Government service."

Mr. HENDERSON. Would you have been able, in this instance, to give him what was available within the agencies and coming to him?

Mr. MACY. Oh, yes. Yes. The agencies coming to him have been giving to him a list of the key people that they have there, and in some cases they have selected people from those agencies to move into the the Secretary's office.

But we would under this system not only be able to give a breakout of names from the inventory of those in the agencies being consolidated into the Department, but we could also give him the names of people with the qualifications that we had determined were necessary for some of these jobs from outside of the whole transportation complex.

For example, he was looking for an organization and methods man, and he was looking for a personnel director. Now under this system as it will function we will be able to pull out of the inventory information concerning individuals with experience across the Government in these particular specializations and make them available to him.

So I would feel that where a new organization is set up that this is going to be of immense value and that there will be less in the way of fielding a flow of applications that come in on a voluntary basis. Obviously those that are interested will receive consideration. But there may very well be some individuals who don't know that they would be interested until they have actually had an opportunity to hear it.

Beyond this, Mr. Chairman, in each of these new agencies there is the creation of a certain number of executive level positions. The Commission is not in that phase of the operation at all. A determination is made in most instances by the responsible department as to what they feel is necessary in the way of top executive level jobs. A review is usually made by the Bureau of the Budget as to whether or not this is too much or too little. Generally the tendency is to follow the pattern of previous organizations. So that the pattern of executive jobs in the bill to create the Department of Transportation

tended to be almost exactly the same as the pattern of executive jobs for the Department of Housing and Urban Development.

There was a Secretary, an Under Secretary, four Assistant Secretaries, a General Counsel, and an Assistant Secretary for Administration. That was the top pattern. And those were placed in one of the five levels of the executive scale, again to match up with the way it is done in other departments.

Then below that there was initially a request for additional supergrade positions in order to staff the agency, and clearly there was going to be need for some additional positions if the Department were created. Just how many no one really could tell in advance. And so our position was that we ought to determine after the Department is created how many are necessary and take them out of the pool that is under the control of the Commission rather than to have a separate allotment.

There was also a request at the time the plan was developed for some special authority supergrades following the example of the FAA. The organic act creating the FAA included 23 special authority jobs over and above the supergrade positions that were available at the disposal of the head of the agency and were not subject to Civil Service Commission action.

The Commission's view with respect to that in the Department of Transportation was that there was no justification for this, that whatever conditions may have existed in 1959 when the FAA Act was passed no longer existed, and that we had the kind of understanding with your committee and its counterpart in the Senate that we could come up and make a request under the total authority so that we could have these jobs on a Government-wide basis.

The fact that they are on a Government-wide basis further facilitates the development of this system which is based on a Government-wide frame rather than on an agency-by-agency frame. It is based upon the existing authority of the Civil Service Commission as a bipartisan commission to make determinations with respect to the qualifications of individuals and determinations with respect to the appropriate classification of jobs.

Mr. HENDERSON. Just one final question, Mr. Macy, and I think the answer can be fairly brief. Don't you feel that as we look back over our recent experience with the entire supergrade problems—that is, of the Congress putting the sufficient number into the Civil Service Commission bank—that the executive assignment system and the philosophy at least of Mr. Gross' bill are all essential tools for getting the job done?

Mr. MACY. I agree.

Mr. HENDERSON. I yield to Mr. Gross at this point.

Mr. GROSS. Thank you, Mr. Chairman.

Well, Mr. Macy, in view of the fact that you on June 12 wrote to Mr. Dulski, the chairman of the full committee, and apparently endorsed my bill, and again this morning have orally endorsed the philosophy of it, I see no reason for going over that ground. You would have then no objection to enactment into law of H.R. 6715; is that correct?

Mr. MACY. No; I would have no objection. As I said, I don't feel that the statute is necessary to move ahead in the directions

that you are pointing because I feel that we can do this by executive action, but I agree with the purposes and have no objection.

Mr. GROSS. I understand, Mr. Macy. But you might not always be the Chairman of the Civil Service Commission and we might have someone who felt differently about it.

Mr. MACY. That is true. I do not intend to become the J. Edgar Hoover of the Civil Service Commission.

Mr. GROSS. All right, I appreciate your statement with respect to the bill, Mr. Macy.

Mr. MACY. Thank you, sir.

Mr. GROSS. Now with respect to this executive assignment system, I recall that you called me out in Iowa and wanted the criticisms that I might have after the fact, and then we had a meeting in my office in Washington afterward with respect to this new system. But the committee was not consulted before the Executive order was issued, and the chairman of this subcommittee apparently was not at least fully aware of what was being proposed, nor was the chairman of the full Post Office and Civil Service Committee. I would certainly have wished that this had been discussed before the Executive order was issued and this thing put in gear, Mr. Macy.

What is the reaction of the agency heads now to this new program?

Mr. MACY. Mr. Gross, it has been very favorable. I have had responses from all of the agency heads, and none of them indicated any negative view, and a number of them were very strong and positive in their affirmative view.

I have a number of quotes here if you would like to have them for the record.

But it has been my experience and it has been Mr. Berlin's experience in working with the agencies that they welcome this program, that they feel that it is a forward step under existing authority in recognizing the importance of a Government-wide approach in staffing the top of the Government service.

For a number of years outside groups have been critical of the Civil Service Commission and the executive branch for failing to give adequate attention to the means by which people are selected and promoted in these top grades, and generally the response has been that this is a long overdue step and they hope that the Commission will view this as a first step and continue to exert its efforts to improve the system.

Mr. GROSS. You are aware that I have been apprehensive that this system might work to shunt any nonconformists in the Federal Government out of certain areas of Government service. What assurance do we have that this is not going to happen?

Mr. MACY. Well, actually, Mr. Gross, it would be my feeling that under this system there is less likelihood of that than in a system where there is no central inventory and no central attention by the Civil Service Commission. This will mean that the individual who may have been overlooked within his department but has the basic qualifications will be called up out of the inventory and made known to another agency.

So I feel that this system makes it possible for a broader consideration of individuals across the Government and at the same time reinforces the merit standards in the selection of people.

Mr. GROSS. Well, Mr. Macy, what real safeguards are there that this will prevent a perpetuation of mediocrity of the Federal service?

Mr. MACY. Well, really I don't think there is mediocrity in the Federal service, and I would not want any of my comments about the need for improvement to cast any adverse reflection on the quality of the people that are in these jobs at the present time.

What I am saying is that the demands of the Federal Government tomorrow and in the longer range future means that we have just got to continue to improve. Now if there are individuals in these jobs at the present time who are not up to the qualification standards, this is a matter for agency management to consider within the framework of protections that those individuals have. We are not removing any of the protections that an individual in the competitive service has at the present time. We are leaving them as they are. Nor are we taking away from management any of the prerogatives for evaluating an individual's performance, and where that performance is lacking to take the necessary action to bring about a change.

Mr. GROSS. This questionnaire—would you call it a questionnaire?

Mr. MACY. We have described this as the Executive Inventory Record. There are questions in it and there are blanks to be filled in. It looks a bit more formidable than it really is. It is here in three copies in this particular book. One remains with the individual, one goes to the agency, and one comes to the Civil Service Commission.

Mr. GROSS. Yes; it certainly looks formidable to me. It looks complicated and complex, but I admit I haven't spent very much time—

Mr. MACY. You might be interested, Mr. Gross, in Mr. Berlin's comments on how this was handled with the agency.

Mr. GROSS. Let me ask a question or two first, if I may.

Mr. MACY. Sure.

Mr. GROSS. Does this go into color or for any designation of race?

Mr. MACY. No, sir; or creed.

Mr. GROSS. Does it in any way go into politics?

Mr. MACY. No; no politics. No religion. No race. It does include sex, however.

Mr. GROSS. Includes sex?

Mr. MACY. Yes.

Mr. GROSS. Always an interesting topic of conversation.

I ask that question in part because I came across not too long ago what is called "Perceptive Planning for Affirmative Action." Do you know anything about this?

Mr. MACY. It sounds familiar. I assume that this is an affirmative action in equal employment opportunity.

Mr. GROSS. Yes, but I wouldn't have guessed it from hearing it. I wouldn't have known what it was. Why this sort of title or phrase, "Perceptive Planning for Affirmative Action," and what does it mean?

Mr. MACY. Well, the affirmative action is designed to assure that there is an equal opportunity for all Americans to compete for and be considered for appointment in the Federal service, and to assure that we are reaching out to all segments of our society and not overlooking any groups that may have been disregarded in the past.

Now a perceptive plan I assume is one which endeavors to perceive what the past deficiencies have been and endeavors to correct them affirmatively.

Mr. GROSS. I am not going to identify the agency or the individuals concerned because I have an idea that you know. But this, stripped

right down to the running gears, means that you must hire people of a certain color?

Mr. MACY. No, it would be contrary to policy if that is—

Mr. GROSS. In its practical application, Mr. Macy, that is what it means and this is what the employees were told, what the employing officers were told.

Mr. MACY. Well, if they were told that they were given instruction contrary to policy. The extent of the equal employment opportunity program is one of assuring that there is an opportunity for everyone. It is not a quota system, it is not a preferential system; it is one of assuring that the Federal Government is a model employer in providing opportunities for all Americans, including those who may have been overlooked in the past.

Mr. GROSS. Well, I don't care to pursue this subject, Mr. Macy, but I would hope that in the future whoever is responsible for this sort of thing would devise language that the layman and even some employees in the Federal Government could understand. There must be better words to arrive at this same end than "Perceptive Planning for Affirmative Action."

Mr. MACY. It sounds like a phrase out of one of my speeches. So it is probably one of my words, and I regret that they are not clear.

Mr. GROSS. No—

Mr. MACY. If I haven't said that I probably should have.

Mr. GROSS. This does not attribute the words to you. It attributes them to the memorandum or letter that was circulated in connection with the hiring of additional employees.

Mr. MACY. The Civil Service Commission has been assigned responsibility to direct the program for equal employment opportunity within the Federal service. This is one of our major responsibilities that has been assigned to us in the past few years. We are endeavoring to administer it with fairness and balance, and I am sure that at times there may be some errors committed, just as I am sure that in the past there were some errors in the form of discrimination that were committed.

Mr. GROSS. In connection with this executive assignment system I noted in Newsweek recently the following short item:

Harvard Professor Thomas Shelling, an expert on modernizing administrative operations, recently agreed to join the State Department and overhaul its time-honored ways of doing business. He made a thorough survey and then a quick decision. In his letter of resignation to Secretary Dean Rusk Shelling explains that the job would be too much for him.

I can remember when I first came to Congress, I believe the first addition to the secretarial force in the Federal Government that I had the opportunity to vote on was the creation of an additional Assistant Secretary in the State Department for the exclusive purpose of overhauling the personnel system in the State Department, and I suspect you remember the gentleman. I believe his name was Lowry of the Quaker Oats Co.

He promptly went out and hired a management concern to do the job, and, in the end—in about a year and a half—the management consultants threw in the sponge and Lowry resigned.

I wonder who is going to have the ability or the courage or whatever it takes—and I don't know what it is—to bring about a reorganization of the State Department. This was back I think about 1950.

Mr. MACY. 1953, I believe.

Mr. GROSS. Well, 1953. It was early in my time in Congress. Now we come down to this one, this being of the date of May 29, 1967, and another man has found that he can't reorganize the State Department.

Would this executive assignment system affect any part of the State Department?

Mr. MACY. Only those positions, Mr. Gross, that are in the competitive service, and there are very few. The State Department is largely staffed by those that are in the Foreign Service personnel system, which is not a part of this executive assignment system. They have their own personnel management. So at the present thinking the system would not involve them.

We are discussing with the State Department the possibility of including those that are in equivalent Foreign Service officer ranks in the inventory. But that is still a matter ahead of us.

Mr. Berlin has a chart here that shows the number of supergrade positions in State. How many are there, Seymour, at this point?

Mr. BERLIN. Thirty-seven.

Mr. MACY. Thirty-seven. So there would only be 37 out of about 1,100 jobs in the State Department in this salary bracket that would be involved in the executive assignment system.

Mr. GROSS. Well, this is one of the reasons why I raised the question of the two incidents. How far are we entitled to go in any way beefing up the State Department under the circumstances that apparently exist, with no one seemingly able to do anything about personnel problems of that Department?

Mr. MACY. Well, I am not sure that Mr. Shelling was referring to personnel problems if he in fact did as Newsweek said. I am unfamiliar with that. I find sometimes that things I read in magazines or newspapers are not necessarily a hundred percent accurate. But I believe he was talking about trying to work out planning, programming, and budgeting systems within the State Department.

Now admittedly this is considerably more difficult to do in a department that is primarily engaged in policy development than it is in a department like Defense where you are involved in the design and manufacture and distribution of weapons systems that include a good deal of hardware.

So I am in no sense, Mr. Gross, qualified really to respond to your question about the State Department. All I can say is that it has been a continuing problem to determine how most effectively to manage our foreign affairs in a period of very dramatic change, where the number of countries in the world has doubled in 10 years and where we have a constant ferment in many parts of the world. I feel that those who have responsibility for our foreign policy need every bit of management help that we can provide in order to bring about as effective a system as possible.

Mr. GROSS. How much have you increased your staff in the Civil Service Commission with respect to—

Mr. MACY. With respect to this plan?

Mr. GROSS. Implementing the executive assignment system.

Mr. MACY. At the present time we have 17 people who have been moved into this bureau. Our staffing has leveled off at about 34 for this particular function this fiscal year.

Now that is not all net because we have transferred people from other operations within the Civil Service Commission in order to bring together the functions that I described earlier.

Mr. GROSS. Did you—if you did, I missed it—indicate in your previous statement to what extent you have this system underway at this time?

Mr. MACY. It will not be underway, Mr. Gross, until November 17, 1967. That is the date that the President gave us as a deadline. So really all we are doing at the present time is, we feel, handling in a more efficient manner the responsibilities that we have had for quite some time in Mr. Berlin's bureau while we are in the process of designing the inventory and while we are studying the other matters that I mentioned.

Mr. GROSS. Do I correctly assume that the questionnaires are going out and being returned?

Mr. MACY. Yes, these have been distributed in the last 2 weeks to the people who will fill them out, and we have a time table for their return and their incorporation into the computerized bank.

Mr. GROSS. Is it planned to use this questionnaire among people, the staffs here at the Capitol?

Mr. MACY. No, this will be for use within the Civil Service Commission and in the departments and agencies.

I should add, Mr. Gross that in a number of the departments they now have a system for their own internal use that rather closely parallels this, so that we have tried to design this so that they will not have to redesign their system but can incorporate it in the overall system.

Mr. GROSS. Did you say these questionnaires are going to people outside Government?

Mr. MACY. No. They will be exclusively within the executive branch.

Mr. GROSS. You do not plan to send them to anyone outside Government no matter how qualified they may be?

Mr. MACY. Oh, you mean to send them to someone who is looking for candidates outside?

Mr. GROSS. That's right.

Mr. MACY. I don't believe I would recommend sending this questionnaire. I would think that perhaps something more along the lines of the form 57. Besides, I don't want to get in the business of selling the qualities of our people to non-Government activities. We are trying to make the flow work the other way.

Mr. GROSS. Well, if qualified people don't have their names in your file how can they expect to get a job?

Mr. MACY. Oh, I beg your pardon. I misunderstood you. For the people from the outside, we will welcome applications of anyone interested in Government service at this particular level. This will become a part of our file.

But, Seymour, correct me if I am wrong—I don't believe our plan has been to use the executive inventory record for that purpose. We will use a more orthodox application form, will we not?

Mr. BERLIN. That's right, sir. As we discussed, our plans contemplate the establishment of executive examining assignment boards in each of the agencies in which there will be the examination and re-

cruitment of people from the outside on the basis of more orthodox submission of applications on the basis of an actual civil service rating and selection in accordance with civil service procedures and Veterans Preference Act. But that will then be viewed as part of our total executive inventory on the basis of the input of their information for those jobs and future jobs that might arise in other agencies.

Mr. MACY. And then once they were appointed they would then fill out the inventory record and would become part of the in-house inventory.

Mr. BERLIN. That's right.

Mr. GROSS. You say you have about 17 people assigned to this system now in the Civil Service Commission. Do you anticipate a further growth?

Mr. MACY. Yes, I would say up to about 34.

Mr. GROSS. Up to about 34.

Mr. MACY. And in our presentation to the Appropriations Committee this year we have indicated funding for that level.

Mr. GROSS. Will there be any others outside your Commission?

Mr. MACY. No, the balance of the staffing for managing this will be in the departments and agencies, and I wouldn't feel this would call for any increased staffing.

Mr. GROSS. Mr. Chairman, I have taken too much time.

Mr. HENDERSON. I have one question I would like to ask right there to follow on Mr. Gross'. Have you had any discussions or are there any plans for expanding this system to lower positions, 14's, 13's?

Mr. MACY. Well, not this particular system, Mr. Chairman. But we definitely have in mind that we want to set up improved information with respect to 13, 14, and 15 so there can be more ready reference between departments.

Now our plan, because of the great numbers, is to start with certain specific occupational groups which have a high degree of presence across the board in the Government.

Mr. HENDERSON. Are you planning to try to do that in this bureau?

Mr. MACY. No, we will do this as a part of our examining process. No, we want to keep this bureau concentrating on the very top level.

Mr. HENDERSON. The reason I asked the question, I certainly hope that you would do this so that we could find out how effective the assignment system is without diluting it into too broad an undertaking.

Mr. MACY. Well, we feel, Mr. Chairman, that we will be in a much better position to respond to the kind of questions your subcommittee has raised through the years as a result of this system, not only with respect to the top grades, but the manner by which people move up to the top grades, because you will see in this executive inventory record that we will have history with respect to the people that go into these top jobs going back to their entry into the Government. So that we will have data as to the number of different agencies they were in, how rapidly they moved forward, what occupational shifts they took. So we will be in a much better position to give you a photograph of what the top structure of the Federal Government looks like.

Mr. GROSS. Can I ask a question right there?

Mr. HENDERSON. Surely.

Mr. GROSS. Who actually decides, when there is a job opening under the system, who will be selected and sent to the hiring agency?

Mr. MACY. The appointment decision remains with the head of the department and agency as required by the Constitution. The process by which this functions would be roughly this: Assume that there is a retirement at a grade 16 in financial management. When that vacancy occurs the agency personnel officer familiar with that job will meet with the Civil Service Commission, with a representative of Mr. Berlin's bureau, and they will review that job to see what the qualifications for its filling should actually be. Then the Commission will go to the inventory, using those qualifications, and get a printout of names that most nearly meet that qualification standard, and they will then review the background of the individuals on that printout and will submit to the agency a group of those names without any ranking. This will be just a supply for the agency to consider along with the candidates they produce through their own merit promotion system.

They will then make a tentative selection, and that tentative selection will then be referred to the Commission for approval of qualifications by the Commission before the individual is appointed to the job.

Mr. GROSS. You have no intention of moving around FAA control tower operators or meat inspectors, have you, people who are skilled in jobs of this kind?

Mr. MACY. No, sir. Although speaking of air traffic controllers, we have a problem there of what happens to those people after they have had a period of service in the towers. But that is another issue.

Where you have specialists, Mr. GROSS, who are in 15, 16, and 17, we aren't going to even have their name come up unless there is a job with qualifications that call for their particular specialty, and there will be unique jobs that will exist only in one agency and the individual's career will continue to be in that agency.

Mr. GROSS. Mr. Macy, you say this is not mandatory?

Mr. MACY. That's right.

Mr. GROSS. But I have been around here a few years and I have seen employees of the Federal Government having their heels walked on until they were driven out of government or driven into other jobs, and so I am not laboring under any illusion about what can happen to Federal employees; if there is the desire to move them or get rid of them it can be done, and this is one of the apprehensions I have about this program. I am still not satisfied that there isn't a real element of a mandatory nature in this setup.

Mr. MACY. Well, all I can do is assure you that that is not the intent and that there will be safeguards against that type of situation.

I like to look at it the other way as well, and that is that there are quite a number of people of high quality in the Federal Government who are either dissatisfied or who leave because they would like the opportunity to do something else and they don't want to shop around, and they feel that they have not had an opportunity to really know what the other openings are likely to be. Now under this system hopefully we will be able to spot those people and they will have that opportunity.

I do not feel that having an opportunity or an offer is going to carry with it any compulsion to move. Now my view would be that the people in these top jobs increase in value to the Government, with

some exceptions, if they have a variety of experiences. They have a broader view of the total Government situation, they have a better appreciation of the needs of Congress and the relations of the Federal Government to the citizen if they have had a diversity of experience.

But I am not saying that that applies in every case, nor do I say that there is going to be any kind of compulsion upon an individual to move.

Mr. GROSS. Well, what happens, Mr. Macy, to the employee of supergrade level who refuses to fill out this executive inventory record or questionnaire?

Mr. MACY. Well, he just won't be in the system.

Mr. GROSS. There will be no punishment upon him in any way?

Mr. MACY. No. We have asked that all fill it out, but there is not going to be any recrimination if he doesn't do this.

Mr. GROSS. He will not be denied a promotion or anything of that kind?

Mr. MACY. No, sir.

Mr. GROSS. Well, how would he get a promotion?

Mr. MACY. He would get a promotion if he were selected by his agency and judged to be qualified by the Commission.

Mr. GROSS. You know, Mr. Macy, I don't want to go into this at any length, but I can't overlook the case of Otto Otepka in the State Department who was not a Foreign Service officer, but a Classification Act employee—I can't get over the fact that one of the three men who lied under oath before the Senate Investigating Committee went to his reward to a hearing examiner's job in the Federal Communications Commission. Now I don't know how this system will affect a situation of that kind. But it is unconscionable that a man who lies under oath before a committee of Congress is then rewarded with a good job in the Federal Communications Commission or any other agency or department of Government.

Would this new system of yours have any—

Mr. MACY. Well, I believe Mr. Otepka would be outside of this system. I believe his job was a grade 15.

Mr. GROSS. Well, what about Riley? He is one of the men who lied under oath.

Mr. MACY. I don't recall what Riley's grade was.

My own reaction would be, from what I have read in the paper, that the Otepka case is one of a kind, it is a very rare bird, and that the circumstances are very rare. I have not gotten into the case in any depth because I assume that one of Mr. Otepka's rights will be a right to appeal to the Civil Service Commission if the decision in the State Department is adverse to him.

Mr. GROSS. But is this the way the Federal Government operates, that it rewards—there is no question about this record—that it rewards a man who lies under oath with another good job?

Mr. MACY. I am not familiar with the circumstances of—was it Mr. Riley's reappointment? I will look into that and answer your question. I am not prepared to answer it today.

Mr. HENDERSON. Mr. Macy, I think that there are a number of other questions, perhaps not of the same importance as those we have had this morning, that we would like to get for the record. I will ask our staff to prepare those in writing and get your responses.

Mr. MACY. That would be fine, Mr. Chairman. I would be happy to provide any further details that would assist in clarifying.

Mr. HENDERSON. Mr. Gross, I assured the Chairman that we would get away in just 5 or 7 minutes. But I would like to end this up on another matter, unless you have some other question on this.

Mr. GROSS. No, if we can get the answers to some additional questions with regard to the supergrades, Mr. Chairman.

Mr. MACY. In fact, let me assure both of you gentlemen that if at any time there are further questions with respect to this system, whether there is a hearing on or not, we would be happy to come up and discuss it with you.

Mr. HENDERSON. Well, we think that our record would be of interest to others, and we would like to make it as complete as we can.

I am interested, I mentioned last week, and I have more reason today to have more concern about improving our system of knocking out requests of the agencies for specific supergrade authority, Mr. Macy, and I am just wondering in connection with the testimony this morning if you have given thought or would respond later to my interest of what we can do.

It has been my impression, and I may be wrong—I would like your examination and advice on this point, of the possibility of getting a greater interest in the Bureau of the Budget, or even perhaps we could have someone from the Bureau that you have discussed this morning under Mr. Berlin to get over physically into the Bureau of the Budget with the primary purpose of at least—I may be wrong that this is the place to start, but it would seem to me this is the central point where it could start, as a request for legislation from the department flows into the Bureau. We could immediately get somebody to flag not only the supergrade requirements, but perhaps full personnel requirements.

But certainly as we talk about supergrades I must say that it would be tempting some time for the subcommittee membership to issue just a flat statement to the executive branch that they are not going to get any more supergrades until they quit sending legislation to Congress with respect to specific authorization. I believe that sort of action by the subcommittee would bring this to perhaps the quickest halt. And, of course, this would be punishing the agencies who have followed established procedure for the action of others that continue to come to Congress even after they have sent legislation without a specific request. As we understand it, executive officials suggest to legislative committees that they be given additional authority.

I just threw this out so that you can again appreciate that it is a very difficult problem that we have as we try to be responsive to the executive branch, to their needs for supergrades, as espoused by your request and your appearances before us, that we seem to be fighting brush fires all over the front.

Mr. MACY. Well, I agree, Mr. Chairman, and let me assure you that I will explore this further in order to see if we cannot devise a system in the executive branch so that these are identified and pulled out before they come to the substantive committees.

Mr. HENDERSON. Let me ask you this question. Do you think that if you knew that major legislation and legislation that obviously had a great need and some chance—if you knew at that early date as to what the supergrade requirements would be, wouldn't this be helpful

to the bureau as you put into your assignment system your early word to begin to take looks?

Mr. MACY. This would be extremely helpful, and it would seem to me there is no reason why I can't work out with the Director of the Bureau of the Budget a system whereby all of the top staffing that would be needed by any new legislation would be referred to the Commission for analysis by Mr. Berlin's bureau before any proposal was submitted to the President.

Mr. HENDERSON. This seems to me to be of advantage to the executive branch, and if it works at that level it certainly ought to enable you with your responsibility to ask of the Congress for supergrade requirements.

Mr. MACY. And then if we feel that this is a bona fide requirement in the event the legislation is passed we can advise you immediately that this appears to be a requirement that is forthcoming.

Now there is one problem on this, in that we really don't know the number and the distribution by grade that is wanted until we really know what the organization is going to be. So it will have to be a rough figure to start with. But I see no reason why we can't indicate that this appears to be the need for the legislation.

Mr. HENDERSON. We are facing a request for 245 at this time as a result of legislation of the last Congress; is that true?

Mr. MACY. That is correct, because this was the basis on which the reduced number was passed last year.

Mr. HENDERSON. This committee, and certainly Mr. Gross and I recognize this as a result of the action that this subcommittee took in the last Congress trying to control supergrade requests. I hope that we can improve the system in this Congress.

Mr. GROSS. Could I make one very quick comment?

The legislation which we discussed very briefly before the meeting this morning, Mr. Macy, has the blessing of the Bureau of the Budget, and it includes two supergrades. No one knows the need or anything about them.

Mr. MACY. That was the Judicial Center bill, was it, Mr. Gross?

Mr. GROSS. That's right.

Mr. HENDERSON. Of course, they would be outside your executive assignment system.

Mr. MACY. I would assume those would probably be attorneys that would be outside the system, but clearly we would have to provide the spaces for those jobs at 16.

I will investigate, Mr. Gross, and give you a report.

Mr. HENDERSON. We were very concerned about this yesterday.

Mr. Macy, the time is 25 minutes of 12. I believe that fits into your timing.

Mr. MACY. Thank you, sir.

Mr. HENDERSON. We are certainly very appreciative of your appearance and responses this morning.

The subcommittee will stand adjourned, subject to the call of the Chair.

(Whereupon, at 11:35 a.m., the subcommittee adjourned.)

to the pattern as you put into your assignment, even your early word to begin to take look?

Mr. Meyer: This would be extremely helpful, and it would seem to me there is no reason why I can't work out with the Director of the Bureau of the Budget a system whereby all of the proposals that would be needed for any new legislation would be referred to the Commission for analysis by Mr. Berlin's bureau before any proposal was submitted to the President.

Mr. Hays: This seems to me to be of advantage to the executive branch, and it works at that level it certainly cannot enable you with your responsibility to ask of the Congress for supergrade requirements.

Mr. Meyer: And then it is felt that this is a done deal requirement in the event the legislation is passed we can advise you immediately that this appears to be a requirement that is forthcoming.

Now there is one problem on this, in that we really don't know the number and the distribution by grade that is wanted until we really know what the organization is going to do. So it will have to be a rough figure to start with. But I see no reason why we can't indicate that this appears to be the need for the legislation.

Mr. Hays: We are facing a request for 315 at this time as a result of legislation of the last Congress; is that true?

Mr. Meyer: That is correct, because this was the basis on which the reduced number was passed last year.

Mr. Hays: This committee, and certainly Mr. Gross and I recognize this as a result of the action that the subcommittee took in the last Congress trying to control supergrade requests. I hope that we can improve the system in this Congress.

Mr. Gross: Could I make one very quick comment? The legislation which we discussed very briefly before the meeting this morning, Mr. Meyer, has the blessing of the Bureau of the Budget, and it includes two supergrades. No one knows the need of anything about them.

Mr. Meyer: That was the Judicial Center bill, was it, Mr. Gross?

Mr. Gross: That's right.

Mr. Hays: Of course, they would be outside your executive assignment system.

Mr. Meyer: I would assume those would probably be attorneys that would be outside the system, but clearly we would have to provide the means for those jobs as well.

I will investigate Mr. Gross and give you a report.

Mr. Hays: We were very concerned about this yesterday.

Mr. Meyer: The time is 25 minutes of 12. I believe that this is your time.

Mr. Meyer: Thank you sir.

Mr. Hays: We are certainly very appreciative of your appearance and response this morning.

The subcommittee will stand adjourned, subject to the call of the Chair.

(Adjourned at 11:35 a.m., the subcommittee adjourned.)

SUPERGRADE REQUIREMENTS

THURSDAY, JULY 13, 1967

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MANPOWER AND CIVIL SERVICE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2251, Rayburn House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will please come to order.

We are glad to have the chairman of our full committee with us this morning. He is somewhat like the Secretary, both of them are on a close schedule. So we will get started early. I do understand, Mr. Secretary, that you have another appearance on the Hill later in the morning and we will try to get right along.

We are, this morning, continuing our public hearings looking into the utilization and requirements for top-level positions in the Federal Government. We have in previous hearings heard from the Chairman of the Civil Service Commission, Hon. John W. Macy, Jr., concerning overall requirements for supergrades in the executive department. We have also discussed with Chairman Macy H.R. 6715, by our ranking minority Member, Hon. H. R. Gross of Iowa, as well as the newly established executive assignment program by the Commission.

We are indeed pleased this morning to have the Secretary for the Department of Transportation, Hon. Alan S. Boyd, accompanied by his Assistant Secretary for Administration, Hon. Alan L. Dean, and his Director of Personnel and Training, Mr. George Maharay. Following Mr. Boyd's testimony we will have the pleasure of hearing from the Secretary of the Department of Health, Education, and Welfare. Secretary Gardner will be accompanied by Assistant Secretaries Huitt and Simpson, and his Director of Personnel and Training, Mr. William Craig.

Mr. Secretary, we are very glad to have you with us this morning. I certainly would like to welcome you and your two associates. I might say it is always a pleasure to have Alan Dean with us. He has worked so well with our subcommittee when he was with the Federal Aviation Agency. I am sure that both of you have found personnel problems have probably been your biggest problem to date in the Department.

I would like to comment on a letter which I received from Administrator McKee just recently with regard to the work that Mr. Tom Creswell did. This letter is in response to the Civil Service Commission's reaction to the report that Mr. Creswell was so helpful on here with our staff. I might say with particular interest, that General McKee pointed out that they had selected Mr. Creswell to become

Chief of their Training Division. I don't know of a better way to put a man on the spot than to put him in charge of what he wrote, saying what ought to be done. I congratulate you. Off the record.

(Discussion off the record.)

Mr. HENDERSON. Mr. Gross and I and the other members of the subcommittee are very appreciative of Mr. Creswell's fine work here. I am sure that you will find in the FAA that they will have a very fine training officer.

Mr. Secretary, why don't you go right ahead and proceed in any way you like. We will be glad to hear from you.

STATEMENT OF HON. ALAN S. BOYD, SECRETARY OF TRANSPORTATION; ACCOMPANIED BY ALAN L. DEAN, ASSISTANT SECRETARY FOR ADMINISTRATION, AND GEORGE S. MAHARAY, DIRECTOR OF PERSONNEL AND TRAINING

Secretary BOYD. Thank you.

Mr. HENDERSON. I might say we had a purpose in asking you to come up early from the departments and agencies. It was the fact that we so graphically recognized last year when we were considering the supergrade legislation, the need of the Department of Transportation and we felt right much alone at times as we were fighting a battle on the Hill here that we didn't have much strength in certain places. We hope that we can hear from you and build a record this year that would give us a basis for our action.

Secretary BOYD. Thank you, Mr. Chairman. We certainly want to move in tandem with you in that effort.

Mr. Chairman and members of the committee, I appreciate being given an opportunity to discuss with the subcommittee our staffing problems and needs concerning positions in grades GS-16 through GS-18 in the Department of Transportation. I am also submitting a separate exhibit which responds directly to certain questions concerning high grade positions established in the Department of Transportation set forth in the chairman's letter of June 14, 1967.

As you know, the Department of Transportation is less than 4 months old having come into being on April 1, 1967. For the past several months we have been engaged in defining an organization through which we hope to accomplish the mission and objectives established by enactment of Public Law 89-670. It may be helpful to the committee if I take a few moments to review several of the new responsibilities and functions brought about by enactment of Public Law 89-670.

A principal reason for establishing the Department of Transportation was to provide within the executive branch a focal point of leadership for Federal activities relating to transportation policy, research, safety, and administration. The shortcomings of the Federal efforts in these areas were described by the President in his transportation message of April 1966.

This need for more effective and better coordination of transportation policies and programs, taking into account all modes, was forcefully documented in the legislative record in both Houses during consideration of the Department of Transportation Act. The Congress reflected its concern in the declaration of purpose which states that

the general welfare, the economic growth and stability of the Nation, and its security require the development of national transportation policies and programs conducive to the provision of fast, safe, efficient, and convenient transportation. The Congress further found the Department to be needed to assure the coordinated, effective administration of the transportation programs of the Federal Government; to facilitate the development and improvement of coordinate transportation service, to be provided by private enterprise to the maximum extent feasible; to encourage cooperation of Federal, State, and local governments, carriers, labor, and other interested parties toward the achievement of national transportation objectives; to stimulate technological advances in transportation; to provide general leadership in the identification and solution of transportation problems; and to develop and recommend to the President and the Congress for approval national transportation policies and programs to accomplish these objectives with full and appropriate consideration of the needs of the public, users, carriers, industry, labor, and the national defense.

The need to apply systems research to overall transportation needs was mentioned by the President, by administration witnesses, and by Members of the Congress as an additional important factor in the establishment of the Department. Research programs must contribute to the solution of such major problems as enabling American citizens living in urban concentrations to enjoy safe and speedy daily transportation. Answers may be developed as a consequence of efficiently administered research efforts in such areas as high speed ground transportation, the supersonic transport, and noise abatement.

Safety in transportation is a third theme clearly outlined in the legislative history of the Department of Transportation. The Office of the Secretary must have staff capability to provide leadership for new and existing safety programs within the operating elements, as well as to move forward in such aspects of safety as pipeline safety and the transportation of hazardous materials.

A major part of national transportation policy has been built around Government relationships with carriers and other elements of the private sector in transportation. Still other relationships involve Federal programs of resource management involving transportation in multipurpose activity; for example, river basin projects and land use and conservation projects. Before the Department of Transportation was created, there was no capability within the Federal Establishment to provide direct and effective handling of problems relating to both these types of relationships from the standpoint of public policy. It is now the Secretary of Transportation's responsibility to insure that Federal participation in these areas is effective and currently consistent with national policy objectives. Accordingly, he requires staff advice of a competence and scope not always available in the past.

I should also note that specific additional assignments have been given to the Department of Transportation since its inception. Many of these are costly, complex, long-term projects; all require manpower and other resources. I have included with this statement a list which summarizes most of the major additional assignments being undertaken by the Department.

There is also included with this statement an additional attachment indicating the current operational components of the Department,

showing the department or agency from which certain elements were transferred, and indicating which components are new organizations.

I think it is important to recognize at this point that the Department of Transportation was not created to accomplish the diminution, or consolidation, or abolishment, of those organizations brought into the Department. Rather, Public Law 89-670 served to create a new point of leadership to guide and direct the concerted efforts of the previously established and the newly created administrations.

The Department has leaned heavily on the organizations transferred to it to furnish the talent and know-how to get the new Department into operation. This has been done in part by the detail of key people from the established organizations to help frame specific programs. There have been hardships to the administrations due to the temporary loss of key employees. However, a spirit of teamwork has prevailed and all organizations have been most cooperative in this regard.

While I am on the subject of the operating administrations, let me emphasize that they have all been delegated the maximum authority consistent with the purposes of the Department so that they can continue to operate and improve their established programs. The administrations are also attempting to cope with many new and occasionally controversial activities and projects which impose an additional need for key talent on them. A few examples of this new work include—the supersonic transport development program, Federal Aviation Administration; the merchant vessel documentation program, Coast Guard; the highway and motor safety problem, Federal Highway Administration; the improvement of highway efficiency, Federal Highway Administration; and the development of high speed ground transportation systems, Federal Railroad Administration.

So, despite the fact that the transfer of all functions brought into the Department 170 quota positions, six of which were transferred to the Office of the Secretary, the work to be done has created a need for 39 additional quota positions in those operating administrations which existed essentially in their present form prior to April 1, 1967.

The Department's need for additional supergrade positions is primarily due to the number of new organizations brought into existence by virtue of the Transportation Act. We are thus not talking only about staffing the Office of the Secretary. We must also provide for the Federal Highway Administrator and his staff offices, the Federal Railroad Administrator and his staff offices, and the National Transportation Safety Board. All of these elements were created by the Department of Transportation Act.

The new organizations had transferred to them 30 quota and 14 nonquota positions. After distributing the transferred positions, projected additional supergrade needs for the new organizations were subjected to a searching management scrutiny. These needs have been trimmed wherever possible and particularly in those areas where program activity is expected to build slowly. I, therefore, believe that our additional requirement of 88 quota and 31 nonquota supergrade positions is the minimum number which will enable the new elements of the Department to start on their missions. It will not be sufficient to overcome the accumulated supergrade deficiencies in such established organizations as the Federal Aviation Administration, the

Bureau of Public Roads of the Federal Highway Administration, and the Coast Guard.

I would like to introduce into the record charts and information which depict graphically some of the points I have just made. These charts show the number of supergrades transferred into the Department on April 1, 1967, the number acquired since that date, and our estimate as to the total additional positions required in the Department. These additional requirements are shown so as to reflect the specific number needed in the new elements, that is, the Office of the Secretary, the Federal Highway Administration, the Federal Railroad Administration, and the National Transportation Safety Board.

As I mentioned earlier in this statement, in many instances it has been necessary to meet urgent needs by the detail of skilled personnel from the operating administrations. Also, several positions which we feel are properly in the supergrade area have been filled on an interim basis at the GS-15 level. The sole reason for these undesirable expedients is the shortage of supergrades.

What we need to know now is what can we count on as the number of allowable high grade positions for our Department. We need to be able to complete our organization and to make positive offers to the people we need for key positions. I understand that Chairman Macy plans to allot 75 quota positions to DOT out of the increase being considered by your committee. While this increase will not be sufficient to meet all our needs, it will permit us to cope with the most pressing problems of staffing the Department. It is for this reason that the Department of Transportation supports H.R. 10376.

Chairman Henderson, in his June 14 letter, asked six questions pertinent to high grade positions established in the Transportation Department. I am submitting, as a separate exhibit, information which responds to those questions. I would like to address myself for a moment to the sixth question, which asked what we were doing to determine the need for and control of supergrade positions.

To date, our determinations concerning the grade level and the candidate for each supergrade position have been handled on a case-by-case basis. We have now progressed to a point where we are introducing more systematic, departmentwide processes to executive level personnel and compensation matters. For example, I initially place a requirement on each operating administration to state their priorities for establishing their key positions. Generally speaking, this action served to better identify and define specific work assignments. Our priority needs as reflected in the materials furnished you are concentrated primarily in the newly created activities; however, it has also been necessary to provide additional positions in the previously established activities, such as the Coast Guard and the Federal Aviation Administration, to provide for newly assigned projects and programs. This has been reflected in the testimony I've already given this committee.

Further, I have established an Executive Personnel Board for the Department. This group, chaired by the Under Secretary, is composed of top level managers, including the heads of operating administrations. These gentlemen are required to review each proposed position and candidate and submit recommendations to me before I will submit a case involving a GS-16, GS-17, or GS-18 position to the Civil Service Commission for consideration.

The purpose of this review machinery is to examine the need for the position, to examine the salary level being proposed, and also to pass upon the qualifications of the proposed candidate for the position. The Board will be provided technical support by personnel and manpower specialists. We expect to apply these effective manpower utilization and position management processes to all positions throughout the Department of Transportation.

Mr. Chairman, we are prepared to answer any questions which the committee may have concerning our supergrade requirements or any other aspects of the Department's administration which may be helpful to you in considering this important bill.

(The attachments to Mr. Boyd's statement follow:)

ATTACHMENT No. 1

SPECIFIC ASSIGNMENTS BY CONGRESS AND THE PRESIDENT

1. *Investment standards.*—Section 7 of the Act requires the establishment of general investment standards for a group of transportation programs and authorized membership in the Water Resources Council so that the Department can participate in the investment standards of multiple-purpose water projects.

2. *Codification of transportation laws.*—Section 14 of the Act requires that the Secretary submit to Congress within two years a codification of the laws administered by the Department.

3. *DOT-HUD study of mass transportation.*—Section 4 of the Act requires DOT and HUD to report within one year after the establishment of the Department and annually thereafter on improved means of administering urban transportation. Within one year the two Departments must report on the best means of administering mass transportation programs.

4. *Aviation subsidy.*—Section 8 of the Act requires the Civil Aeronautics Board to take into account the investment criteria of the Department of Transportation in establishing subsidies for airlines.

5. *Uniform time.*—Transfer of the responsibilities of the Interstate Commerce Commission for the regulation of uniform time will require increased staff at the Office of the Secretary level.

6. *Aircraft noise.*—The Act specifically requires the Secretary to develop research and policies to alleviate aircraft noise. Research and policy applications will apply to other modes of transportation.

7. *Environmental preservation.*—The Act specifically requires that all the programs of the Department be administered so as to preserve the amenities of the environment. Policies and standards in this field will be complex and cut across the boundaries of specialized agency programs.

8. *Airport and ground transportation policy.*—The President in December 1966 designated the Secretary as a Co-Chairman of a group to develop new policies and recommendations for airports and related facilities, and ground transportation. Staff support at the level of the Office of the Secretary will be essential to coordinate the work of at least two of the program agencies of the Department.

9. *Small shipment problem.*—On February 2, 1967 the President appointed a five-man panel to report within a year on parcel distribution services in accordance with PL 89-593. The Federal Government is represented by an official of the Department of Transportation, and it will be expected that the Department provide staff services and studies for this panel.

10. *Labor relations.*—Section 4 of the DOT Act requires the Secretary to cooperate with the Secretary of Labor in the analysis of labor relations in transportation, and in the promotion of industrial harmony and full stable employment in transportation. This may involve participation in major labor-management disputes in the pattern of the railroad work-rules controversy.

11. *Regulatory intervention.*—The hearing record shows that some members of Congress wanted to designate a specific official in the Department to handle

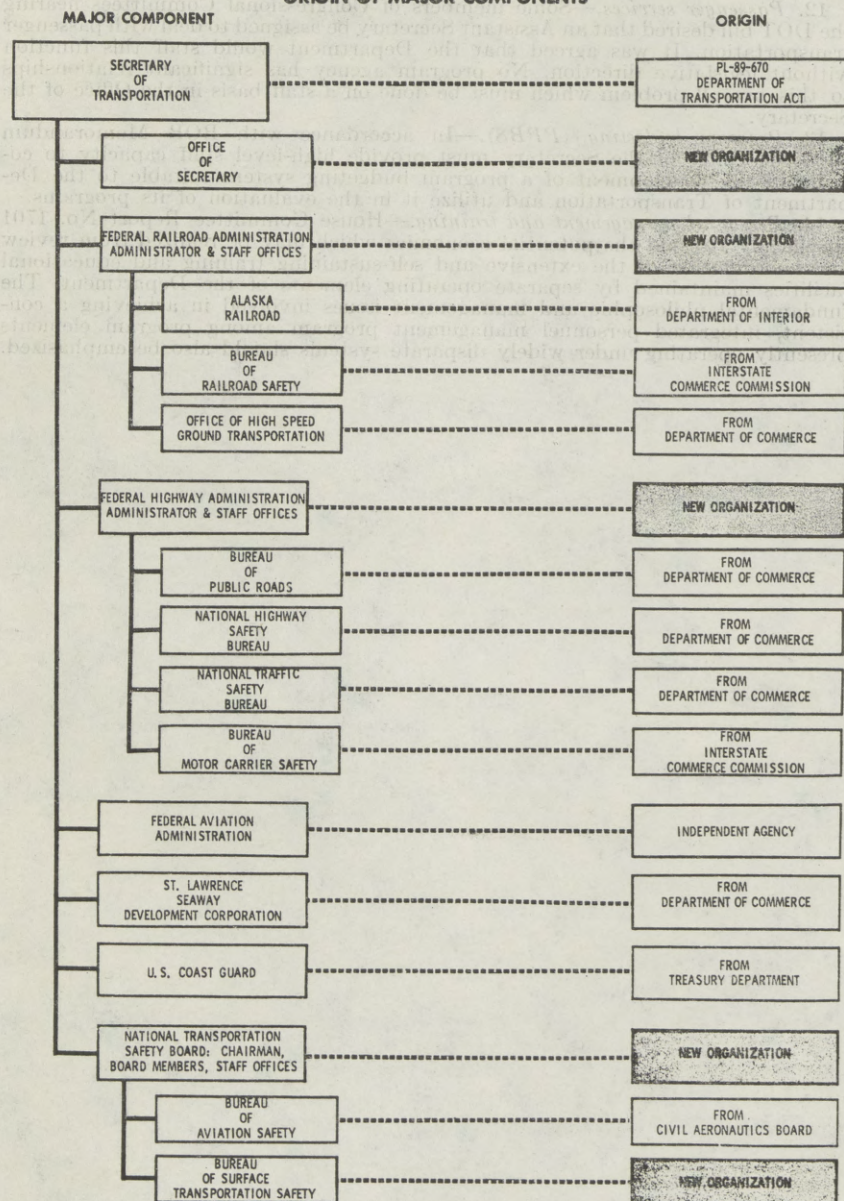
transport mergers and similar concerns involving the intervention of the Department in regulatory proceedings. It was agreed that the Department would staff such activities without specific legislative direction.

12. *Passenger services.*—Some members of Congressional Committees hearing the DOT bill desired that an Assistant Secretary be assigned to deal with passenger transportation. It was agreed that the Department would staff this function without legislative direction. No program agency has significant relationships to this overall problem which must be done on a staff basis in the Office of the Secretary.

13. *Program budgeting (PPBS).*—In accordance with BOB Memorandum 66-3 the Office of the Secretary must provide high-level staff capacity to co-ordinate the development of a program budgeting system suitable to the Department of Transportation and utilize it in the evaluation of its programs.

14. *Personnel management and training.*—House Committee Report No. 1701 specifically stressed the potential economies which may be realized from review and coordination of the extensive and self-sustaining training and educational facilities maintained by separate operating elements of the Department. The fundamental philosophic and management issues involved in achieving a consistent, integrated personnel management program among program elements presently operating under widely disparate systems should also be emphasized.

ATTACHMENT No. 2

DEPARTMENT OF TRANSPORTATION
ORIGIN OF MAJOR COMPONENTS

ATTACHMENT No. 3

SUPERGRADE RESOURCES UPON CREATION OF DEPARTMENT OF TRANSPORTATION, APR. 1, 1967

Organization	Special	Public Law 313	Nonquota	Quota	Total
Office of the Secretary.....	0	0	4	6	10
National Transportation Safety Board.....	0	0	7	4	11
Federal Aviation Administration.....	23	20	36	107	186
Federal Highway Administration.....	0	1	38	46	85
Federal Railroad Administration.....	0	0	3	3	6
Coast Guard.....	0	0	1	2	3
St. Lawrence Seaway Development Corporation.....	0	0	0	2	2
Total.....	23	21	89	170	303

SUPERGRADES ADDED SINCE CREATION OF DEPARTMENT (AS OF JUNE 15, 1967)

Organization	Special	Public Law 313	Non- quota	Quota	Total
Office of the Secretary.....	0	-----	0	6	6
National Transportation Safety Board.....	0	0	0	0	0
Federal Aviation Administration.....	0	0	0	0	0
Federal Highway Administration.....	0	0	0	0	0
Federal Railroad Administration.....	0	0	0	0	0
Coast Guard.....	0	0	0	0	0
St. Lawrence Seaway Development Corporation.....	0	0	0	0	0
Total.....	0	0	0	6	6

DEPARTMENT'S ADDITIONAL SUPERGRADE REQUIREMENTS

Organization	Nonquota	Quota	Total
Office of the Secretary.....	7	158	65
National Transportation Safety Board.....	0	15	5
Federal Aviation Administration.....	0	33	33
Federal Highway Administration.....	23	114	37
Federal Railroad Administration.....	1	11	12
Coast Guard.....	0	3	3
St. Lawrence Seaway Development Corporation.....	0	3	3
Total.....	31	127	158

¹ New organizations (88 quota positions).

Mr. BOYD. Thank you, sir.

Mr. HENDERSON. Thank you very much, Mr. Secretary. I think your statement is very much to the point and I feel that the information that you have furnished will be very helpful to us. Without objection I would ask that our staff be sure that any of the pertinent information that needs to be in the record, including that which may be on file, be made available. I want to commend you on the action you have taken in establishing the Executive Personnel Board, Secretary Boyd. I know this will be helpful to you in these early days and feel that as you move along, your statement that you expect to apply these effective manpower utilization position management processes to all positions throughout the Department will be very helpful not only to the Department but will be something that our subcommittee will be interested in. Our staff, working with your personnel people, will continue to monitor to see how effective our next phase may be after you get staffed up, in saving top-level positions.

I am very much impressed with the statement you made on page 4, where you indicate that by creating the Department of Transportation it was not the intent to accomplish the diminution or consolidation

tion or abolishment of the various organizations brought into the Department. I would assume this includes the key positions in those organizations and that you would not pull those positions out and place them in the Secretary's office. The biggest problem would be staffing the Secretary's office, would it not?

Secretary BOYD. That is correct; yes. I think, to put this thing in perspective, we should bear in mind that each of the agencies that was transferred into the Department had operating functions, programs, and responsibilities, all of which had been authorized by the Congress and manned according to grade levels, and these programs are all continuing. Now, what the office of the Secretary is set up for is to try to weave a common thread, to be sure that these programs do not impinge upon one another, at least not without awareness, and that we are moving toward obtaining the most safety and efficiency we can out of the total transportation system under the aegis of private enterprise operation.

Mr. HENDERSON. Mr. Secretary, what would you say if perchance Congress did not see fit to enact this bill or similar legislation to afford the supergrade positions this year? What would be the effect on your efforts in organizing this Department?

Secretary BOYD. Well, we think that it would be about the same thing as a 6-month-old baby catching pneumonia: it might survive. Sure, the structure would be there but I think, though, from the standpoint of what the Department was set up for, the needs that led to the establishment of the Department and the terrible complexities that are involved in this situation of transportation, per se, and transportation in relation to the urban society in which most of us now live are such that if we are unable to get the qualified people to work on these problems we are setting ourselves behind by years.

Mr. HENDERSON. You say you have within your Department the twofold problem: As I see it, you have testified that not only do you need the necessary supergrade spaces for the added functions, the creation of the Department and the Secretary's office, but likewise you have a need within those agencies brought in for the additional supergrades that they needed, whether they come in or not.

Secretary BOYD. That is right. For example, the Federal Aviation Administration has 13 positions which have been approved for supergrades prior to the establishment of the Department.

Mr. HENDERSON. As I see it, the second problem is comparable to the request of HEW and all of the other ongoing agencies. Of course, we recognize in HEW the last Congress created additional responsibilities by the passage of medicare, other new functions, new responsibilities. I was trying to establish here the point that if Congress really intended to set up this Department of Transportation I feel that we in the Congress have a responsibility to search out your needs. Then we should respond at least to the extent that we think the case is made for the requirement.

Secretary BOYD. Yes, sir. I do want to point out, too, to reiterate that we have new organizations which have got to be structured and these have responsibilities and new operating activities also.

Mr. HENDERSON. Let me ask you one or two other questions before I yield. Have you had an opportunity to become familiar with the executive assignment program? I ask this with some reservation

because I realize you are new, but we want to ask this of each of the departments as they come up.

Secretary BOYD: I am aware of the fact that Seymour Berlin of the Civil Service Commission has this responsibility and Alan Dean has been talking to him about it. I do not have any detailed knowledge myself on it.

Mr. HENDERSON: Let me say that we think it will be very important that the Secretaries at the Cabinet level do have a general understanding of this and that they from time to time make inquiry as to how it is working and let us know, because we think this is a great opportunity. Mr. Macy certainly thinks that there is, and has testified so with regard to the program. We all want to hear from the departments and agencies exactly how it is working.

Secretary BOYD: I can assure you that I am going to give this considerable personal attention.

Mr. HENDERSON: Fine. Mr. Gross?

Mr. GROSS: Thank you, Mr. Chairman. Mr. Boyd, I am interested in your statement on page 4 which the chairman, Mr. Henderson, referred to a moment ago. You say:

I think it is important to recognize at this point that the Department of Transportation was not created to accomplish the diminution or consolidation or abolishment of those organizations brought into the Department.

If memory serves me correctly, when the bill was on the floor of the House, we were told that creation of the Department ought to result in consolidations, increased efficiency, and elimination of duplication.

Secretary BOYD: Oh, yes, sir; absolutely. I don't want to get these mixed up, Mr. Gross. One of the major responsibilities that Alan Dean here has is to see that we do not have duplicating activities which go primarily—and this was pointed out in our testimony before the House on the legislation—throughout the administrative, the personnel, the training, procurement, legal, public affairs areas. Yes, sir, we are really prepared to guarantee you savings in that area. But now let me point out that what I am talking about on page 4 is the FAA, for example, which operates the air traffic control system in this country and it continues to operate that, licenses airmen, certificates aircraft, provides a register for airmen and for aircraft. The Coast Guard has the responsibility for safety of life at sea and the Bureau of Public Roads for the Federal-aid highway system, the public lands and forest highways, and emergency road reconstruction. These are the things I am talking about on page 4 which are not to be consolidated. These are ongoing programs. Within the operation of their programs, their training, personnel, procurement areas, et cetera, we do expect to save.

Mr. GROSS: Well, that leads to a question concerning your attachment No. 2. You have four new organizations?

Secretary BOYD: Yes.

Mr. GROSS: And under those organizations you have six safety divisions?

Secretary BOYD: Yes.

Mr. GROSS: If I can call them divisions.

Secretary BOYD: Yes.

Mr. GROSS: They must be related. Is there no way that you can pull those together into one group and cut down on personnel, so on and so forth?

Secretary BOYD. In point of fact, Mr. Gross, the safety activities of the Department are grievously undermanned. The activities here do not in any way duplicate each other, particularly the Bureau of Railroad Safety, for example, and the Bureau of Motor Carrier Safety. These are activities which were transferred from the Interstate Commerce Commission and for years there has been concern over the fact that these have not had sufficient personnel to do an adequate job in carrying out the responsibilities imposed on them by the law.

Mr. GROSS. Why two divisions of safety in the Bureau of Public Roads?

Secretary BOYD. Well, these deal with altogether different things. Now, the National Highway Safety Bureau and the National Traffic Safety Bureau have been combined into one administrative organization. They do different activities. The Traffic Safety Bureau deals with motor vehicle standards, the Highway Safety Bureau deals with the State-Federal relationship in highway safety programs as well as the municipal activities.

Mr. HENDERSON. Were they not one unit in the Department of Commerce?

Secretary BOYD. No, they were not, but the total administration of these two organizations is consolidated.

Now, the Bureau of Motor Carrier Safety is a transfer from the Interstate Commerce Commission and has specific statutory requirements which include primarily field office activities. We have these people, the bulk of them, in the field, scattered at offices throughout the United States, where they engage in checking the safety of trucks and buses.

Mr. GROSS. I can understand that they are in the field, but regardless of where they are, there must be some kind of central office to which these surveys, studies, research, so on and so forth, have to be eventually directed, evaluated, and put to use.

Secretary BOYD. The Bureau of Motor Carrier Safety has a function which is closer to that of the National Transportation Safety Board than anything else. There is no purpose to be served by consolidating that bureau. The administrative activities are all handled for these agencies through the Office of the Federal Highway Administrator. So what we are talking about here are operating functions, and it is our judgment at this time that no efficiencies can be accomplished through consolidating these operating functions where the legal, administrative, personnel activities are already being handled at the Highway Administrator's office.

Mr. GROSS. Mr. Boyd, who administers highway beautification?

Secretary BOYD. That is also in the Federal Highway Administration.

Mr. GROSS. Under your jurisdiction?

Secretary BOYD. Yes.

Mr. GROSS. There are some who say, you know, that signboards are distracting and therefore a menace to safety. There are others who say that they are helpful, taking the driver off of the routine-ness of driving on toll roads and interstate highways. So that is in your total operation, too, is it?

Secretary BOYD. Yes. I have heard differences of opinion over the wisdom and efficacy of the highway beautification legislation.

Mr. GROSS. Yes; we have all heard that. I don't mean to pursue this subject.

Secretary BOYD. It is painful to me.

Mr. GROSS. Will you have a safety division in the highway beautification program, will there be still another added to this list?

Secretary BOYD. No, no. I think it is pretty clear from the law that the highway beautification functions are not those related to safety.

Mr. GROSS. Well, perhaps I am shortsighted but I cannot see six safety divisions in your total setup, Mr. Boyd.

Secretary BOYD. I would like to provide you with a detailed breakdown of the functions of each of these, and I think it may help clarify the situation. We will do that for the committee. (See p. 65.)

Mr. HENDERSON. If you will yield on this point?

Mr. GROSS. Yes, I am glad to yield to the chairman.

Mr. HENDERSON. I have a question with regard to the National Transportation Safety Board. That is a new organization. Under that, you have the Bureau of Aviation Safety which is pulled up from the CAB to this point. I just wondered why it would perhaps not come under the Federal Aviation Administration. I realize it was not in the FAA before, but inasmuch as you are keeping your Highway Safety and your Traffic Safety under the Highway Administrator, I wonder why Aviation Safety did not go under FAA.

Secretary BOYD. It would have gone under FAA in the House bill. The Senate rejected that and the conference adopted the Senate version.

Mr. HENDERSON. I did not realize that we in Congress tried to tell you how to efficiently or inefficiently organize.

Secretary BOYD. Yes, sir; we got a lot of help on this.

Mr. GROSS. I have no doubt of that.

Mr. HENDERSON. Which would you have preferred, or which would you prefer now, Mr. Secretary?

Secretary BOYD. Well, I think it will function efficiently in either place. I think logic would dictate that it be a part of the Federal Aviation Administration.

Mr. HENDERSON. Then my next question is: How does the Bureau of Surface Transportation Safety, that being new, fit in with the surface safety activities?

Secretary BOYD. Well, the law establishing the Department and the Transportation Safety Board provided in rather broad terms a total function across all transportation modes for the Transportation Safety Board, with a dominant element of aviation safety, however. The establishment of the Bureau of Surface Transportation Safety was to carry out the requirement of the statutes which would give the Safety Board resources to deal with aspects of safety other than aviation. Now, what we contemplate and what I believe the Safety Board contemplates—it is not subject to the policy direction of the Department, by the way; we have a close working relationship but the Safety Board is independent as to policy—is that the Bureau of Surface Transportation Safety will deal with such things as the accumulation of comparable accident statistics, for example, which is an area of major concern. We really don't have very good information in this area. Secondly, that on the matters of major import, such as the sinking of the *Andrea Doria* several years ago off of Cape

Cod, a major maritime disaster, or the fire on the *Yarmouth Castle* between Florida and the Bahamas, that it would involve itself. It will probably also get into this sort of crossbreed situation of rail crossing accidents where you are dealing with both rail and motor vehicle.

Mr. HENDERSON. One thing that disturbs me some, and I am sure that as you go along you will take a look at it: You may have been out to the FAA Center in Oklahoma City. I was very much impressed out there with a research that they have been doing in the medical laboratory. It seems to me there has been something going on that you did not have close coordination, say, with motor carrier safety over in the Interstate Commerce Commission. I hope this is all going to be brought together. I realize if you try to put everything in one shop you don't get all the viewpoints that you should get, but I was impressed with the fact that they had to go to the automotive accident area to develop a lot of information, because they did not have a sufficient number of aviation crashes.

Secretary BOYD. That is right.

Mr. HENDERSON. They had a tremendous amount of knowledge with regard to automobile accidents that probably had not been disseminated to those people in other areas, the motor vehicle safety area.

Secretary BOYD. One of the key men in helping us establish motor vehicle safety standards is Mr. Swearingen who is the director of that aspect of the activities at Oklahoma City.

Mr. HENDERSON. I believe he was there briefly the day I was there. He is very able.

Secretary BOYD. A great research man.

Mr. HENDERSON. I wonder where you are going to get research people in all these areas, unless the Government develops them.

Secretary BOYD. We have some problems in this area, Mr. Henderson. Some of the problems are further related to the whole question of conflict of interest. For example, on the motor vehicle safety activities which deal with the structure and design of the car, the automobile, the vast bulk of the knowledge, production and engineering knowledge in this area is in Detroit. We have had a very heavy recruiting campaign. There are a number of people interested, but we have got some major conflict-of-interest problems because all these people are working for the automobile companies now.

Mr. HENDERSON. Mr. Bray just pointed out that there seem to be some 28 vacancies here.

Secretary BOYD. That is one of the basic reasons. We are trying now to work our way through these conflict-of-interest things which have to do with retirements, bonuses, things of that nature.

Mr. HENDERSON. I yield back to Mr. Gross.

Mr. GROSS. Mr. Boyd, you are not going to ask for a number of supergrades and then go out and hire consulting agencies, are you, consultants, management firms, to tell you what to do?

Secretary BOYD. We are talking now about getting automotive engineers from Detroit.

Mr. GROSS. I understand. But as a general policy, you are not going to ask for an increase, a substantial increase, in supergrades and then go out and enter into contracts to obtain the necessary service.

Secretary BOYD. No.
Mr. GROSS. You will find some departments and Government agencies do just exactly that.

Secretary BOYD. That is not now our contemplation, I can assure you.

Mr. HENDERSON. Let me ask: Do you know of any research establishments that have a capability in this area?

Secretary BOYD. Let me answer you this way, Mr. Chairman: This area that you are talking about is one of the broadest, most complex areas you could run into. Now, there is competence in some places to do some things. For example, the Cornell Aeronautical Research Institute has some competence; the Institute of Traffic and Transportation Engineering, which is a part of the university system of California, has some competence in this area. Certainly, as you have seen, the Aeromedical Research Institute at Oklahoma City has some competence in this area, particularly in the human factors side of the thing.

Mr. HENDERSON. I think the point that Mr. Gross was trying to make, and certainly that I would make, is that we would not object, in fact we think you would be derelict in not using the competence of, say, Cornell Institute within the functions. On the other hand, if you were to put up a block of money to grant to them authority to go into new functions, or if you were going to contract with one of the research organizations and create a capability and know-how that we do not have when we need it inside the Government, that is what we object to. I think what you are trying to do is to bring this competence within the Department.

Secretary BOYD. That is right.

Mr. HENDERSON. I hope you are —

Secretary BOYD. That is right.

Mr. HENDERSON (continuing). Rather than to buy off of the market.

Secretary BOYD. That is exactly right.

Mr. HENDERSON. Right. Mr. Gross, is that right?

Mr. GROSS. Of course. I wouldn't understand at all the necessity for the number of supergrades that are here being applied for if you were going to enter into research and management contracts outside of your shop. Do you have any management contracts now?

Secretary BOYD. None, to my knowledge.

Mr. GROSS. Well, let me say in passing, and I do not want to belabor this, that I am one of the few around here that opposed the creation of the Department of Defense for the reason that I thought then, and I am now totally convinced, that we would not get economy and commonality, and so on, and so forth. As I understand it, they have about 40 or 50 under secretaries, deputy secretaries, and assistants to the deputies over in the Defense Department now, and we still have the old-line departments. I suspect that if you went into it you would find that there have been additions in the number of assistant and deputy secretaries in the old-line departments—that is, the Department of the Navy, Department of the Army, and so forth.

We did not get the efficiency that we were told we were going to get with the Department of Defense. We got, Mr. Boyd, another layer of fat. Since you are just taking off in the matter of organization, this is what concerns me, whether this new Transportation agency is going to result in another layer of fat or whether it is going to mean some-

thing from the standpoint of economy, efficiency, and discharge of the responsibilities to the people who pay the bills.

Secretary BOYD. We certainly think it is going to mean something from the standpoint of efficiency in two areas, Mr. Gross. One is external, that is, in improved efficiency in the transportation system in this country. The second is internal, and that is improved efficiencies because of the consolidation operations of which I mentioned earlier, which is Alan Dean's major responsibility.

Mr. GROSS. You don't need to comment on this, but we still do not have that common purchasing catalog in the Department of Defense that we were promised years and years ago; more years than I like to think back over from the standpoint of age.

Still on the subject of "Origin of Major Components," attachment No. 2, is it not true that a major share of the new top-level jobs are to staff the four new administrative offices to supervise old line organizations? In other words, the Office of the Secretary, Federal Railroad Administration, Federal Highway Transportation, National Transportation Safety Board.

Secretary BOYD. To supervise old-line agencies? No, sir.

Mr. GROSS. Yes.

Secretary BOYD. No. We are not constituted as a reviewing agency.

Mr. GROSS. How many supergrades or the equivalent have you pulled out of the various organizations brought into the Department for use in your immediate office?

Secretary BOYD. Six.

Mr. GROSS. Six?

Secretary BOYD. Yes, sir.

Mr. GROSS. I noted, and I do not want to take all of the time, for I am sure Mr. Hamilton is waiting to get in a question or two—but on your attachment 1, item 5, "Uniform Time," why would you need very much staffing to give some oversight to uniform time?

Secretary BOYD. Mr. Gross, I would say—

Mr. GROSS. I suspect, and I apologize for interrupting, but I suspect Mr. Hamilton is concerned about this uniform time business since Indiana got it right on the chin.

Mr. HAMILTON. Right you are.

Mr. GROSS. I am sorry, I did not mean to interrupt you.

Secretary BOYD. I would like to say that nothing in my life in the last 20 years has shocked me as much as getting this uniform-time responsibility. I have become better acquainted with Governors and Senators throughout these United States as a result of the uniform time than anything that has ever happened. This is one of the most difficult, emotional, arduous things that one can imagine. The problems keep coming up from different points of the compass. I thought uniform time was just a problem of either people are on daylight saving time or they are on standard time, in one zone or another. But, good gracious, the things that have been thrown at us just stagger the imagination. I don't want to go into my woes here, but this is the worst thing that ever happened to the Department of Transportation.

Mr. GROSS. I hope that you take a long, hard look at this and recommend to Congress that daylight saving time run from Memorial Day, approximately, to Labor Day, approximately. I predict there is going to be some hell raised out in Iowa this fall. Last fall there was

unusually fine weather; I was out there campaigning and I know something about the kind of a fall they had. But give them the normal fall—

Secretary BOYD. The election results may have had something to do with the way you felt about it.

Mr. GROSS. When schoolbuses are running in the dark both morning and evening in dank, rainy weather in October, some hell is going to break loose. I hope you give this a long, hard look and make a recommendation to Congress that the period of daylight time be shortened.

Secretary BOYD. I don't know why you put this in the past tense, Mr. Gross. It has already broken with us.

Mr. HENDERSON. Mr. Hamilton, before I yield, may I ask one other question? I realize, Mr. Secretary, you have been busy with the problem of getting organized, but one of the things I have wanted to ask, and maybe this is the time: Do you envision that you are going to be able to get some commonality through the Department? I am thinking of aircraft maintenance in the FAA and in Coast Guard. Would there be any others? I believe in the past perhaps FAA has maintained aircraft for the CAB.

Secretary BOYD. Yes.

Mr. HENDERSON. I realize this is getting down to a level, Mr. Secretary, that you may not have had an opportunity to get to yet, but we are interested in trying to get this sort of thing done. I would just hate to see one crew over here at Dulles maintaining Coast Guard aircraft and another one to maintain FAA aircraft.

Secretary BOYD. There will be a measure of commonality that we can crank into this. We have already looked at it and we can do some things. We are going to do them. We cannot devise a system, however, which is going to effect a total commonality because we have such a diversity of aircraft types and locations. For example, the bulk of the Coast Guard fleet is helicopters and the FAA, on the other hand, with the exception of a number of DC-3's which are still in its fleet, has essentially one of a kind because of the requirements for flight inspection. They use these planes for flight training of their flight inspectors and also they double them up to use them for navigational checking at the same time. We can have and will have a measure of commonality to the extent that it is feasible. We get into this diffusion of aircraft types which at a stage makes it unrealistic to go beyond.

Mr. HENDERSON. I just hope, then, we can have at least someone making decisions. For example, if the Coast Guard has a DC-3, it may be that the FAA through its capability in Oklahoma City or elsewhere can do a better job of a major overhaul than could the Coast Guard. As long as someone is taking a look at this I think we can find some savings at that level.

Secretary BOYD. We expect to do that. We have already taken a preliminary look. I have advised the FAA and the Coast Guard that we cannot justify separate operations to the extent they are going on now and they will be changed.

Mr. HENDERSON. Very fine, Mr. Hamilton?

Mr. HAMILTON. Mr. Secretary, are you able to meet your competition for talent?

Secretary BOYD. Yes. We have got a lot going for us, Mr. Hamilton. There is a great deal of interest and enthusiasm about the Department of Transportation. Here is a new approach, a new departure, if you

will. We have been very fortunate in getting extremely well qualified people, in our judgment. We have had over 9,000 applications, unsolicited.

Mr. HAMILTON. You indicated an interest, and I am sure it is true, in giving economical and efficient administration to the Department. You also suggested that you had a good bit of help in this regard from the Congress. How do you, as an administrator, view this restriction on supergrades? Is this a major problem for you in the administration of your Department? Could you operate your Department more efficiently and more economically without it?

Secretary BOYD. I will say yes, but I am not sure that I can justify my response because I have never been in the position of operating without a restriction.

Mr. HAMILTON. Do you consider it a major obstacle in your day-to-day administration of the Department that you are restricted by the Congress to so many supergrades?

Secretary BOYD. If we are able to obtain the supergrades which we feel are essential and our executive personnel board functions properly, I do not think it will be any major deterrent, at all.

Mr. HAMILTON. How many employees do you have?

Secretary BOYD. We have 91,800-some-odd.

Mr. HAMILTON. How many supergrades?

Secretary BOYD. We have 309, total, of all kinds.

Mr. HAMILTON. How does the ratio of supergrades to employees in your Department stack up against the ratio in other departments? Do you have any knowledge of that?

Secretary BOYD. We do not have that. I will be glad to try to obtain that information.

Mr. HENDERSON. Mr. Secretary, I might say that the staff can furnish that to Mr. Hamilton.

Mr. HAMILTON. All right.

Mr. HENDERSON. It might be interesting to your people to know that.

Secretary BOYD. However we stack up on it, I would say that I think this is one area where the old cliché about comparisons being odious comes into effect. I think it is very difficult to make logical comparisons given the different functions.

Mr. HAMILTON. I recognize that fact, but I still think it will be helpful information for us. Now I want to make sure I understand your request. You need 127 additional supergrade quota positions, is that right?

Secretary BOYD. Yes, sir.

Mr. HAMILTON. And 88 of these would be new?

Secretary BOYD. Yes.

Mr. HAMILTON. And 39 would be from already established organizations?

Secretary BOYD. Yes.

Mr. HAMILTON. And the Civil Service Commission Chairman, Mr. Macy, has allotted you 75; is that right?

Secretary BOYD. Assuming this legislation.

Mr. HENDERSON. Assuming this bill is passed.

Mr. GROSS. Would you yield?

Mr. HAMILTON. Certainly.

Mr. GROSS. For insertion here, if I may.

Mr. HAMILTON. Certainly.

Mr. GROSS. The chart shows that the Department of Agriculture has 105,436 employees. They have 235 supergrades. I believe Mr. Boyd said that the Department of Transportation has 91,000 and approximately 300 supergrades.

Secretary BOYD. That is correct.

Mr. GROSS. If that is of any help.

Mr. HAMILTON. Thank you.

Where would it be your intention to get the new supergrades from? Will most of these men come from Government or the Department of Transportation and the 90,000-some employees that you have, or will you be looking outside of Government primarily?

Secretary BOYD. Well, obviously, we are doing both. We are making an effort to upgrade qualified people in the preexisting organizations.

Mr. HAMILTON. Yes. But where the bulk of these new positions come from is what I am interested in.

Secretary BOYD. The new people?

Mr. HAMILTON. Yes; the new supergrade positions.

Secretary BOYD. I cannot give you an answer on that. My guess is that it is going to split fairly well down the middle. That is what I would think is a slightly educated guess.

Mr. HENDERSON. Mr. Hamilton, would you yield at that point for a question that fits right in here?

Mr. HAMILTON. Certainly.

Mr. HENDERSON. In your testimony you pointed out that FAA needs 13 additional supergrades?

Secretary BOYD. Yes.

Mr. HENDERSON. My question is: Do you anticipate that the majority of them would come by promotions from GS-15's?

Secretary BOYD. Yes, sir, in the FAA, no question.

Mr. HAMILTON. Mr. Chairman, I think that is all at this time.

Mr. HENDERSON. Thank you.

Mr. DEAN. Just so we keep the record complete on FAA, their total estimated requirements for new supergrades are 33, of which 13 are positions that have some time in the past already been classified at supergrade levels and have been occupied by supergrade employees.

Mr. HAMILTON. Mr. Chairman, may I ask another question?

Mr. HENDERSON. Yes.

Mr. HAMILTON. What is your total budget in your Department?

Secretary BOYD. Total budget is \$5.9 billion and some odd. That includes, of course, the highway trust fund. Our general revenue portion of the budget is \$1.9 billion.

Mr. HAMILTON. Could you identify for me how many separate programs your Department is responsible for?

Secretary BOYD. May I submit that for the record, because there are a myriad number.

Mr. HAMILTON. All right.

Secretary BOYD. I will do that. (See p. 71.)

Mr. HAMILTON. Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. White.

Mr. WHITE. Mr. Boyd, I did miss your earlier testimony and, therefore, I would like to ask this question: One of the primary arguments for the creation of the Department of Transportation, as I

recall, and one of the reasons I voted for the measure, was this would prevent duplication and eliminate duplication. I was wondering whether you could tell us whether or not duplication has been eliminated as far as the number of employees, the number of supergrade positions, and the activities?

Secretary BOYD. No, except in our printing plant. The only thing that we have that we can say tangibly today is the elimination of duplication of printing plants.

You should bear in mind the point I make, defensive, is that the Department has been in existence less than 4 months, and we have had a very small group of people involved in this whole administrative area, and their basic responsibility has been to get a budget request out and prepare for budget hearings, and on George Maharay's part, Director of Personnel, to try to help some of these new agencies getting started, as well as my own office, get some people on board. And this has been a phenomenal task.

We have various studies which we are undertaking as we move through the budget procedure and get that behind us, but I cannot tell you that we have made any savings except in the printing plant as of today. We can give you a completely different story next year.

Mr. WHITE. In other words, there are presently activities under your Department that are being performed by other departments today?

Secretary BOYD. No, no.

Mr. WHITE. There are no other departments or agencies that are performing any function that is being performed within your agency now?

Secretary BOYD. If I understand your question, I do not know of any.

Mr. WHITE. But there are duplications within your Department?

Secretary BOYD. Oh, yes.

Mr. WHITE. And you feel you can iron those out come next year?

Secretary BOYD. Yes.

Mr. WHITE. Will this affect also the number of supergrade positions you are asking for?

Secretary BOYD. The number of supergrade positions we are talking about assumes that we will effect some consolidations.

Mr. WHITE. What is the present ratio that you have now of supergrades to employees?

Secretary BOYD. We have close to 92,000 employees and 309 supergrades.

Mr. WHITE. What is that?

Secretary BOYD. I must insist I do not think those ratios are relevant. I think the relevance has to do with what are the functions being performed. We will compute it, however, as requested.

Mr. DEAN. It is 1 to 300.

Mr. WHITE. That is what you have presently?

Mr. DEAN. Yes, sir.

Mr. WHITE. And you are requesting what ratio?

Mr. DEAN. The additional 88, we would have to complete the arithmetic—incidentally, the Department staff in the 1968 fiscal year budget will undergo further increases of about 2,000 more jobs. So we are working to then about a 93,000-employment base with 390, roughly, supergrades in it.

Secretary BOYD. One to two hundred and thirty.

Mr. WHITE. Do you possibly know what the average ratio is in the U.S. Government, all agencies?

Secretary BOYD. I have no idea.

Mr. WHITE. Have you made any comparisons with any other agencies?

Mr. DEAN. We have looked at a number of other agencies, yes, sir.

Mr. WHITE. How would this 230 compare with the others?

Mr. DEAN. Taking supergrades to include Public Law 313, special category positions and FSO positions of similar rank, we would be behind the State Department and the National Aeronautics and Space Administration very clearly in terms of the ratio of positions that fall in these high categories. We would be ahead of some other of the old and established executive departments like Agriculture and Interior.

Mr. WHITE. You said you are going to increase your personnel by 2,000.

Mr. DEAN. Approximately. We have to await the completion of congressional action on our budget.

Mr. WHITE. Does this also take into consideration the elimination of duplication you were speaking of earlier?

Mr. DEAN. Yes, sir, for this reason: We will expect the efforts to eliminate duplication to continue over the next, I would say, 2 years. There are a lot of studies that have to be made, and you cannot disrupt operations. We have to know what we are talking about before we make a consolidation.

We expect to be able to save positions over these 2 years, but they are going in many cases to be required either for rapidly expanding operations, like air traffic control, as we free them up, or to meet workload coming out of the rapid growth in all aspects of transportation. So it is very hard to say that the Department will, because of its creation, ever reach the point where it will be able to reduce total manpower.

I think we can say, and we will be able to prove this without any doubt, that the manpower we will need 2 years from now will be a great deal less because of the Department being created would have less employees than it would otherwise have, if these functions had remained scattered everywhere around the Government.

Secretary BOYD. The major increase of the 2,000 is 650 air traffic control people in the FAA. The FAA, as I am sure you are aware, has been reducing employment through the years, over the last 4 years, but the facts are that while they have been reducing employment and getting the inefficiencies out of the system, largely due to Alan Dean's activity, the growth in air traffic has been phenomenal, and we have reached the point where we just cannot say, where General McKee cannot say, "I have got enough people to handle this growth in air traffic." He has to expand.

And we are going to run into other things. There is a major interest in the Congress now on small boating safety, which is in the province of the Coast Guard, and there is no doubt in my mind that the Congress is going to say this year or next year we have to have more people involved in this because we are killing and maiming too many people in small boating accidents. We cannot say today or ever, "Here is the ceiling and we will not go above it."

Mr. WHITE. Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. Secretary, I would like to pursue one question that Mr. Hamilton raised with you.

As I understand your testimony this morning with regard to supergrades, the immediate problem is for the Congress to allocate those supergrades to the Civil Service Commission. Once that is done, would you anticipate any great difficulty in convincing the Civil Service Commission of your need of the supergrades?

Secretary BOYD. I think we have convinced John Macy that we have a legitimate requirement for 75 out of this legislation.

Mr. HENDERSON. I think his testimony before the committee would bear you out on that. So as I see it, the problem is congressional action. I should remember, but I do not, the details of your request of last year, what the outcome was. But as a general proposition I certainly remember that the House action would have given to the Civil Service Commission more supergrade spaces than the conference between the House and the other body.

Secretary BOYD. We asked for 45.

Mr. HENDERSON. This problem is still with us. We tried awfully hard to convince the Senate, Mr. Gross and I, it is all right to hold down HEW and Commerce and other agencies, but for the new agency let's put enough spaces in there; but we were not as successful as you or Mr. Macy or any of us would want.

It was rather a strange operation when Mr. Gross and I had to carry the ball for a greater number of supergrades, and we are still faced with that problem in this Congress, Mr. Secretary.

Secretary BOYD. That is right. We came along too late in that and your efforts were valiant but vain.

Mr. HENDERSON. We hope they will not be so vain this time.

Mr. Gross, do you have other questions?

Mr. GROSS. Speaking of the Coast Guard, Mr. Secretary, it is my understanding that you are using military officers instead of civil service personnel.

Secretary BOYD. We have a chart we can give you on that. We have one rear admiral who is the deputy to Alan Dean. We have a total of 21 Coast Guard personnel, of whom 20 are officer rank.

Mr. GROSS. Out of what total?

Secretary BOYD. Out of a total of how many people?

Mr. GROSS. Yes.

Secretary BOYD. In the department?

Mr. GROSS. In the officer section.

Secretary BOYD. There are 77 military personnel in the department, of whom 21 are Coast Guard.

Mr. GROSS. I believe you said in response to a question by Mr. White that there were some duplications.

Secretary BOYD. I was talking about the personnel, training, procurement, the administrative areas which I have mentioned.

Mr. GROSS. That is why my question.

Where is the management analysis office and the comptroller's office?

Secretary BOYD. Where are they?

Mr. GROSS. Yes.

Secretary BOYD. They are under Alan Dean's office and they are moving now in studies in these areas. I have felt very strongly that

particularly in light of the great cooperation we have had from the operating administrations, from the standpoint of morale, the worst thing in the world I could do was to take a meat-axe approach and the intelligent thing to do was to take management analysis and run through these operations so we would have a logical, justifiable position, and then to state to the operating administrators, "Here is the duplication in this area. This is what we are going to do to consolidate and eliminate that inefficiency."

Mr. GROSS. I think that is logical.

Secretary BOYD. And we are moving.

Mr. HENDERSON. Is there any consolidation of budget operations?

Secretary BOYD. We present a consolidated budget. This is a different area. We will have consolidations in the future but most of the agencies in the Department had prepared their budgets when they were in another situation before they came into the Department.

Mr. HENDERSON. Down the road I am sure you envision a consolidated budget, but I personally hope there will be some success in this area of not just building a duplicate structure to review the budget requests within the Department in making that consolidated budget. You will be able to get more consolidation physically of the budget people so they will be more under your direction rather than under the various administrations within the Department.

Secretary BOYD. We are moving in that direction.

Mr. GROSS. I am curious about one thing. I suppose that traffic controllers are paid the same, with certain variations, but approximately the same at National Airport as at Dulles. Is this correct?

Secretary BOYD. May I refer this to Mr. Dean? I am not that conversant with it.

Mr. GROSS. What I am trying to get at, I will be a little more explicit.

Those traffic controllers at National Airport and similar heavily used airports across the country must grow hair on their chests under certain weather and traffic conditions, whereas at Dulles, with a plane landing every 30 minutes, is an event I guess, at least it is a big loser to the tune of about \$7 million a year.

But, the point is, are they paid the same, generally speaking, at National as they are at Dulles or vice versa?

Mr. DEAN. Let me answer it this way, Mr. Gross: FAA has three levels of activity for its towers. The most busy, like O'Hare, the level-three towers carry the highest grade structure. The less active carry lower.

Mr. GROSS. That answers the question. I hoped something like that would be true.

Mr. HENDERSON. Mr. Secretary, I might say in this area of air traffic control I have personally been very interested and have spent a lot of time with Alan Dean when he was back at FAA, with Bun Bray, with Dave Thomas, the Deputy Administrator. If we could just find time for this subcommittee, I would like very much for the other members of the subcommittee to become more familiar with the problems of these air traffic controllers.

While I personally would be very sympathetic to their interest in early retirement, I know when we start in in the area I have an interest, there are others. For example, in the Panama Canal Zone, officials think their pilots are entitled to early retirement.

I am not sure early retirement is the answer for air traffic controllers, but I hope in the coming month we will be able to work with you and General McKee in trying to find some solution. In fact, I am hoping that we will be able to go down and take a look at some of the automation that is being done I believe in the Jacksonville area, hoping to relieve some of the problems.

Mr. Gross, I might comment, they are probably not growing hair so much as turning gray.

Mr. GROSS. I was merely using a figure of speech.

Let me ask this question: You raised the subject of the Panama Canal pilots. Are they under your jurisdiction in any way?

Secretary BOYD. No, sir.

Mr. GROSS. Thank you.

Mr. WHITE. Mr. Chairman?

Mr. HENDERSON. Mr. White.

Mr. WHITE. I want to know if there are any functions allowed by the law that have not been fully transferred to your agency?

Secretary BOYD. The only thing we can recall at the moment are some Corps of Engineers functions having to do with bridge clearance approvals which are still being carried out by the Corps of Engineers, although it is being done under Coast Guard supervision. That is a very minor function.

Mr. WHITE. It would not require much personnel?

Secretary BOYD. No, sir.

Mr. HENDERSON. You may be talking about a major policy decision made by Congress, such as the Maritime Commission.

Mr. WHITE. That was not allowed.

Secretary BOYD. I am testifying on that in 15 minutes.

Mr. WHITE. So you can get to your next appointment, that is all, Mr. Boyd.

Secretary BOYD. Thank you.

Mr. HENDERSON. I have one more that I think might help the record.

You spoke of the 31 nonquota supergrades; these are in the scientific and technical positions. Are you making a recruiting attempt in that area?

Secretary BOYD. Yes, sir. We have a number of people on the string, Mr. Chairman.

Mr. HENDERSON. Briefly, could you tell us about the six positions you referred to in the Department? Who occupies those six positions.

Secretary BOYD. Those in my immediate office?

Mr. HENDERSON. Yes. Who are they and what are their duties?

Mr. DEAN. Those are six quota positions, by the way. Four non-quota positions have also been transferred.

Mr. HENDERSON. You may submit that for the record, Mr. Secretary.

Secretary BOYD. Fine.

Mr. HENDERSON. If you would, in doing that, indicate which are schedule C or the political positions.

Secretary BOYD. All right, sir. (See p. 75.)

Mr. HENDERSON. Mr. Secretary, we are appreciative of your courtesy this morning and hope we have not kept you too late to make your next appearance. I think your testimony will be helpful.

Mr. GROSS. I might say I appreciate your frankness, Mr. Boyd. It is not always that we get witnesses who are as frank as you have been this morning.

Secretary BOYD. I have a strong feeling it is better to make your mistakes and your successes right out in the open. It saves a lot of trouble.

Mr. GROSS. I hasten to add that this may not mean you will get all the supergrades you want.

Secretary BOYD. I certainly do appreciate the opportunity to appear before the committee and will look forward to doing business with you all in the future.

Mr. HENDERSON. Thank you very much.

(The material requested of Secretary Boyd was furnished the subcommittee and is made a part of the record at this point, as follows:)

(A detailed breakdown of functions of organizations dealing with safety activities in the Department of Transportation:)

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATOR

BUREAU OF MOTOR CARRIER SAFETY

Plans, organizes and directs a program designed to carry out effectively the Bureau's regulatory and enforcement responsibilities over approximately 130,000 commercial motor carriers engaged in Interstate and foreign commerce operating in excess of 2 million motor vehicles, to reduce accidents, save lives, and improve the standards of vehicles and their drivers upon the highways. Develops and modifies the regulations as dictated by changing conditions, and recommends the adoption and promulgation thereof by the Administrator. Develops and implements policies, standards and procedures to increase the effectiveness and scope of the motor carrier safety program. Represents the Federal Highway Administrator in conferences and meetings with interested or concerned groups and agencies, public and private. Furnishes technical direction and guidance to the motor carrier safety field staff.

Regulations division

Develops and recommends new or modified regulations setting forth motor carrier vehicle driver qualifications and maximum hours of service, and the requirements relating to vehicle design and equipment, vehicle inspection and maintenance, accident reporting, and transportation of dangerous commodities. Proposes disposition to be made of petitions for reversal of decisions or any part thereof, petitions for waivers of requirements, and petitions and requests for hearing in connection with new or modified regulations as well as action on rule making proceedings. Administers the amputee motor carrier vehicle driver program and reviews and recommends disposition of those cases in which a motor carrier vehicle driver's qualifications are questionable. Participates with representatives of industry and government agencies in the development of motor carrier vehicle parts and accessories necessary for safe operations, and in developing performance standards for motor carrier vehicles and equipment for use in interstate transportation. Receives and analyzes reports of motor carrier accidents; furnishes the field data on accident experience of individual motor carriers in need of corrective action; the Bureau of Public Roads information on highway conditions contributing to accidents, and the National Highway Safety Bureau on motor carrier vehicle deficiencies identified as probable accident cause factors. Provides information on accidents to the motor carrier industry, labor unions, insurance companies, and public officials regarding special problem areas. Certifies as to motor carrier safety regulations in effect on specific dates or during specific periods. Provides technical guidance to the Compliance Division and the motor carrier field staff. Develops replies to technical inquiries and requests for interpretation of regulations from all sources.

Compliance division

Develops requirements, methods and procedures for use by field staff in effecting compliance with regulations, including those for the removal from service of unsafe vehicles and drivers disregarding regulations. Monitors the field inspection and investigation of the activities of motor carriers to ascertain compliance with applicable laws and regulations, and to report on the safety compliance record of applicants seeking operating authority from the Interstate Commerce Commission. Establishes requirements for the conduct of field investigation of motor carrier safety accidents and for initiating appropriate action to insure the adoption of preventive measures. Maintains custody of all reports received from the field staff. Reviews reports recommending prosecution of violations or noncompliance with regulations, and assists the Office of the General Counsel in promoting uniformity of legal action. Reports to the Interstate Commerce Commission on the safety compliance records of motor carriers (1) applying for temporary or permanent operating authority; (2) petitioning for renewal of 5-year term operating authority to transport hazardous materials; (3) petitioning for waivers of the inspection requirements under Section 207.4(c) of the Lease and Interchange Rules, Ex Parte 43; and (4) applying for emergency temporary authority and for transfer of operating authority under Section 212(b) of the Interstate Commerce Act. Prepares reports and exhibits on the safety compliance records of motor carriers for use in formal fitness or other proceedings before the Interstate Commerce Commission. Prepares reports to the Department of Defense on the compliance records of motor carriers proposing to transport Class A and B explosives for that Department. Prepares accident reports for publication; maintains operating manual for the guidance of the field staff. In association with the Administration's training officer, develops and conducts a training program for field employees. Reviews and evaluates field staff performance and work progress.

REGIONAL MOTOR CARRIER SAFETY OFFICER (9 FHWA REGIONS)

Responsible for the administration and enforcement of the motor carrier safety regulations within his respective Federal Highway Administration Region; and for obtaining compliance therewith. Establishes work programs and procedures in the region to most effectively accomplish these programs, and exercises technical supervision of the motor carrier safety compliance investigators assigned to the region. Reviews letters of complaint (and oral complaints) from shippers, State officials and the public as to violations of the Acts or the regulations, or failure to provide safe service; assigns those complaints requiring further investigation to investigators; and recommends the more serious violations for review by the regional attorney or by superiors in Washington. Confers with the regional attorney on motor carrier enforcement cases to be submitted to Washington for court action or formal proceedings. Concurs in or submits dissenting views on the reports of the attorney covering recommendations for criminal or civil action against carriers or for closing the complaint case. Directs and supervises the administrative handling of complaints and violations not requiring action of superiors, and attempts to bring the parties involved into compliance whenever possible. Reviews highway accident reports of carriers; assigns serious accidents involving fatalities or severe property damage for investigation by safety investigators or other subordinates. Reviews hours of service reports filed by carriers and where unreasonable excess hours of driving or on duty are shown takes action or instructs the appropriate safety investigator to contact such carrier with the purpose of securing compliance with such regulations.

NATIONAL HIGHWAY SAFETY BUREAU

Responsible for providing leadership and direction to a coordinated national highway safety program through financial assistance to the States to accelerate and improve highway traffic safety programs, and for other purposes designed to reduce traffic accidents and deaths, injuries and property damage resulting therefrom; and to a coordinated national program for reducing traffic accidents and deaths and injuries to persons resulting from traffic accidents, through the establishment of motor vehicle safety standards for motor vehicles and equipment in interstate commerce, through undertaking and support of necessary safety research and development, and through expanding and improving the use of the national driver register.

HIGHWAY SAFETY SECRETARIAT

Shall provide all necessary services to and coordinate the activities of the National Highway Safety Advisory Committee, the Traffic Safety Advisory Council, the Interdepartmental Highway Safety Board, and such other committees as directed by the Administrator.

OFFICE OF PRINCIPAL SCIENTIST

Assist the Director in all scientific matters; provide scientific advice and consultative services to all research and applied programs of the Bureau; and develop and implement means to broaden the base of scientific participation in traffic and highway safety research and development, toward which end it shall establish and maintain liaison and effective professional and technical relationship with public agencies, universities, foundations, scholarly and professional societies, and the scientific community at large.

OFFICE OF PROGRAM PLANNING

Develop and continuously update comprehensive national highway safety and motor vehicle and traffic safety program plans, both on an immediate and multiyear basis, designed to channel all activities of the Bureau toward the objective of a balanced traffic safety effort at Federal, State and local levels, and to provide a basis for determining associated resource requirements in terms of the overall objectives and goals of the Federal Highway Administration.

OFFICE OF RESEARCH IMPLEMENTATION

Evaluate and make appropriate recommendations as to the cost/effectiveness of highway and traffic safety techniques and practices; analyze all research bearing on traffic and highway safety; and propose actions to assure that knowledge and information are effectively implemented into practice in Federal, State, and community safety programs as quickly and completely as practicable.

HIGHWAY SAFETY PROGRAMS SERVICE

Develop uniform standards upon which State highway safety programs will be based, and shall assist each of the States to establish approved highway safety programs. In developing uniform standards, the Service shall cooperate with the States, their political subdivisions, and appropriate public and private organizations; recommend to the Director the research, testing, and development required to provide the detailed scientific knowledge on which the standards will be based; collaborate with the National Traffic Safety Institute in matters of mutual interest; and consult with the National Highway Safety Advisory Committee and publish the Committee's recommendations in connection with the issuance of such standards. The Service also shall provide specialized technical support and other assistance to the States and political subdivisions in incorporating relevant standards and techniques into their programs; evaluate State and local activities in these program areas for compliance with approved standards, and determine their eligibility for Federal financial assistance under the Highway Safety Act of 1966.

NATIONAL TRAFFIC SAFETY INSTITUTE

Conduct or sponsor such research, development, testing and evaluation projects as needed by the Bureau to develop uniform standards for State highway safety programs; to develop Federal motor vehicle safety standards and a uniform quality grading system for motor vehicle tires; and to assist other components of the Bureau, at their request, in administering or enforcing the provisions of the National Traffic and Motor Vehicle Safety Act of 1966 and the Highway Safety Act of 1966. The Institute also shall establish and maintain demonstration projects to facilitate incorporating improved safety technology into practice in the State and community highway safety program as quickly as practicable; conduct or sponsor education and training programs for increasing the supply of qualified manpower required to implement effective traffic safety programs; develop, evaluate, and disseminate, as appropriate, statistical data relating to traffic safety; and acquire and maintain a collection of publications and documents relating to traffic safety. The Institute shall conduct a complete investigation of the need for and most effective use of a facility or facilities to conduct research, development and testing in traffic safety.

MOTOR VEHICLE SAFETY PERFORMANCE SERVICE

Develop motor vehicle safety standards and perform related functions with the objective of reducing the likelihood that motor vehicles become involved in accidents; Develop motor vehicle safety standards and perform related functions as they pertain to the protection in vehicular crashes of drivers and passengers inside vehicles, and of pedestrians and cyclists outside the vehicles, including standards which deal with such factors as the collapse characteristics of vehicle chassis and bodies, the strength of seat and safety belt anchorages, and the energy attenuating characteristics of interior and exterior structures; Develop motor vehicle safety standards and perform related functions intended to improve the capability of motorists to escape or to be extricated from vehicles following crashes, including standards which deal with factors such as the tendency of doors and windows to become jammed in crashes, and the likelihood of fuel tank ruptures and fires after crashes; Develop and arrange for issuance of procedures governing the development and issuance of motor vehicle safety standards and a uniform quality grading system for motor vehicle tires, including provisions assuring that the National Motor Vehicle Safety Advisory Council, the Vehicle Equipment Safety Commission, and other interested parties are afforded an opportunity to participate in the process by submitting data and expressing views; Conduct activities relating to compliance with the requirements of the National Traffic and Motor Vehicle Safety Act of 1966 and the prescribed motor vehicle standards, including the development and preparation for issuance of regulations governing the records that manufacturers should be required to maintain, and the reports and other information that should be required of them. Review reports of defects in motor vehicle and motor vehicle equipment and determine which defects are related to motor vehicle safety; prepare notification to manufacturers of safety-related defects or noncompliance with standards, and direct the manufacturers to furnish appropriate notification to the purchasers of such motor vehicles or equipment; prepare for issuance the appropriate public disclosures of such information as will assist in the achievements of the purpose of the Act; participate in the development and application of joint regulations issued by the Secretary of the Treasury and the Secretary of Transportation governing the importation of motor vehicles or items of motor vehicle equipment; and assist Counsel in the preparation and transmission of information indicating non-compliance to the Attorney General or the Secretary of the Treasury.

NATIONAL TRANSPORTATION SAFETY BOARD, CHAIRMAN

BUREAU OF AVIATION SAFETY

Develops and manages a program for investigation, analysis and prevention of aircraft accidents and promotion of air safety. Recommends the Bureau's goals and program objectives, formulates policies and procedures.

Investigation division

Supervises the Bureau's accident investigation activities; provides policy guidance and assistance to Sections of the Division on technical and operational matters; coordinates the formation of major accident teams as accidents occur to assure right composition of skills and availability of personnel; provides overall direction to special studies pertaining to safety in air navigation and the prevention of accidents; recommends participation or observation in aircraft accidents that may occur in foreign countries; develops safety recommendations for transmittal to other government agencies and reviews proposed Federal Aviation Regulations to develop Board comments thereon.

Engineering division

Plans and supervises the engineering and technical staff assistance in the areas of aerodynamics, structures, power plants, propellers, instruments, systems (hydraulic, electrical, etc.), radio and other electronic aids to navigation and traffic control, flight testing, flight recorders, maintenance, and human engineering, which includes environmental and medical aspects of accident investigation; reviews proposed Federal Aviation Regulations to develop Board comments thereon; provides central indexing and services for the Bureau's technical reference material.

Hearing and reports division

Conducts Public Hearings and Deposition Proceedings as part of the investigation of aircraft accidents to determine the facts, conditions, circumstances and probable cause and to ascertain measures which will best tend to prevent similar

accidents. Primarily responsible for the preparation of formal reports on catastrophic or other accidents where such reports will serve the public interest and aviation safety will be promoted. Issues public notices, administers oaths, issues subpoenas, prepares formal exhibits for introduction as evidence, arranges for hearing rooms, equipment and the like. Sets time and place of hearings. Conducts prehearing and posthearing conferences, as required. Is responsible for the adequacy of the record, through the interrogation of witnesses and the compilation of exhibits and other documentary evidence presented. Coordinates with the Public Information Officer to assure appropriate coverage of hearings for the press and the public. Based on the entire record (investigation report, public hearing and/or deposition proceedings, etc.) prepares and submits the Board's formal accident reports which, after approval by the Board, are released to the public.

Analysis division

Plans and supervises the engineering and technical staff assistance in the areas of aerodynamics, structures, power plants, propellers, instruments, systems (hydraulic, electrical, etc.), radio and other electronic aids to navigation and traffic control, flight testing, flight recorders, maintenance, and human engineering, which includes environmental and medical aspects of accident investigation. Reviews proposed Federal Aviation Regulations to develop Board comments thereon. Provides central indexing and services for the Bureau's technical reference material.

BUREAU OF SURFACE TRANSPORTATION SAFETY

Monitors the development and management of programs in the Department for the investigation of surface and pipeline transportation accidents. Develops and manages programs for the investigation by the Board of accidents involving highway motor carriers, railroads and pipelines when the Board declines to conduct such investigations. Develops and manages programs for Board review and action in those cases in which the Board participates but does not conduct the investigation of accidents in motor carrier, railroad and pipeline transportation. Develops and manages programs for final determination of cause or probable cause in Marine Board reports submitted in proposed final form to the Board in major maritime accidents. Supervises the conduct of analytical research, accident analysis and prevention studies by the Divisions of this Bureau and monitors Departmental activities and reports in these areas. Establishes procedures for Departmental notification to the Board of major accidents. Advises the Board with recommendations for Board action.

Marine safety division

Receives notification from the Coast Guard of major casualties. Furnishes summary to the Board. Assists Board in participating to the degree desired by the Board, in Marine Boards of Investigation convened by the Commandant, U.S. Coast Guard. Notifies Coast Guard of Board's desires. Reviews completed reports of Marine Boards and submits recommendations with respect to action the Board should take, i.e.: (1) Approve proposed Findings. Opinion and Recommendations. (2) Return for further proceedings or correction. (3) Approve with Board comments being attached before release. (4) Public release of report to be by the Board or the Coast Guard. Makes analyses of Marine Board Reports, other investigative reports, statistical information, and special studies. Recommends programs to the Board to increase marine safety including changes in law and regulations and in operating practices. Reviews Coast Guard procedures in casualty review and analysis and in investigations. Maintains liaison with maritime safety organizations and serves as Board representative to safety meetings as desired by the Board. Advises the Board of developments in marine safety and changes in industry practices having an impact on safety. Establishes sequence category and extent of regular and special reports to the Board from the Coast Guard on national and international maritime safety matters.

Motor carrier safety division

Receives notification from the Federal Highway Administration of major motor carrier accidents. Furnishes summary to the Board. In Board's discretion, furnishes NTSB Investigator in Charge of major accident investigation or furnishes NTSB representative when the Board decides not to conduct the investigation but have that function performed by the FHWA. Notifies the FHWA of the Board's decision in each case. When Board conducts major investigation, prepares the report including cause or probable cause determinations. In other

major cases, FHWA will draft report for submission to Board for final determination of cause. Assists Board in that function. Makes analyses of investigative reports, statistical information and special studies received from the FHWA. Recommends programs to the Board to increase highway motor carrier safety including changes in law, regulations and operating practices of the industry. Reviews FHWA procedures in review of accidents and analysis of the same. Reviews FHWA investigative procedures and recommends appropriate changes to the Board. Maintains liaison with highway motor carrier safety organizations and serves as the Board's representative to safety meetings as desired by the Board. Advises the Board of developments in motor carrier safety and in industry practices affecting safety. Establishes sequence, category and extent of regular and special reports desired from FHWA by the Board.

Railroad and pipeline safety division

Receives notification from the Federal Railroad Administration of major railroad and pipeline accidents. Furnishes summary to the Board. In Board's discretion, furnishes NTSB Investigator in Charge of major accident investigation or furnishes NTSB representative when the Board decides not to conduct the investigation but have that function performed by the FRA. Notifies the FRA of the Board's decision in each case; when Board conducts major investigation, prepares the report including cause or probable cause determinations. In other major cases, FRA will draft report for submission to the Board for final determination of cause. Assists Board in that function. Makes analyses of investigative reports, statistical information and special studies received from the FRA. Recommends programs to the Board to increase railroad and pipeline safety including changes in law, regulations and operating practices of the industries. Reviews FRA procedures in review of accidents and analysis of them. Reviews FRA investigative procedures and recommends appropriate changes to the Board. Maintains liaison with railroad and pipeline safety organizations. Serves as the Board's representative to safety meetings when so desired by the Board. Advises the Board of developments in the railroad and pipeline industries which affect safety. Establishes sequence, category and extent of regular and special reports desired from FRA by the Board.

OFFICE OF ACCIDENT PREVENTION RESEARCH

Compiles the periodic statistical reports, reports of special studies and reports of analysis of accidents in surface and pipeline transportation which have been submitted to the modal safety divisions of this Bureau by the FHWA, FRA and the Coast Guard in compliance with request from the Board to the Secretary. Assists the other Divisions of the Bureau in making special studies, analyses and statistical read outs of information for accident prevention and safety purposes. In addition to information received above in a routine or special fashion from the Divisions of this Bureau with their comments and requests, reviews programs in the surface transportation modes used to compile statistics. Makes recommendations for changes in information being received in order to increase its value and utility. Is responsible for the general statistical program of the Board in all surface modes. Prepares routine and special statistical reports desired by the Board. Upon request from Marine, Motor Carrier and Rail/Pipeline Safety Divisions conducts special studies as required to prepare appropriate recommendations tending to prevent transportation accidents and promote transportation safety. As directed, conducts special studies in depth on modal or inter-modal problems in surface transportation safety looking for causes of accident frequency under similar circumstances or other parameters and develops recommendations for remedial action.

FEDERAL RAILROAD ADMINISTRATOR

BUREAU OF RAILROAD SAFETY

Rail carrier and pipeline regulation.—The Bureau of Railroad Safety is authorized to exercise regulation over railroads, express companies, sleeping car companies, and water carriers operating in connection with railroads under a common control, management, or arrangement for continuous carriage or shipment. Regulatory authority extends to the transportation of property and passengers and includes the establishment of requirements with respect to railroads' responsibility for safety of equipment and safety of operation in regard to brakes and signal systems. The Bureau of Railroad Safety's regulation over pipelines, except water and natural gas, extends to the establishment of requirements with respect to safety when transporting explosives and other dangerous articles.

Hours of service for railroad employees.—Through investigation by its inspectors and monthly reports filed by railroads, the Bureau of Railroad Safety keeps informed concerning the hours of labor of train service employees, dispatchers, and operators. Information concerning violations of the hours-of-service law is transmitted to United States Attorneys for use in prosecution.

Investigation of railroad accidents.—The Bureau of Railroad Safety investigates and issues reports concerning collisions, derailments, and other railroad accidents resulting in serious injury to person or to property of a railroad. Railroads are required to report by telegraph to the Bureau any collision or derailment on its line resulting in death or serious injury of one or more persons. The Bureau investigates the more serious of these accidents as are of general interest to the public or when an investigation may lead to increased safety. Railroads also are required to make a monthly report of all collisions, derailments, or other accidents resulting in death or injury to any person or damage to equipment, tract or roadbed arising from the operation of the railroad, including all activities of the railroad which are related to the performance of its transportation business. These reports are evaluated to determine accident causes and trends.

Automatic train control devices.—The Bureau of Railroad Safety when found necessary in the public interest may order any railroad to install the block signal system, interlocking, automatic train stop, train control, cab signal devices or other similar devices, methods and systems intended to promote the safety of railroad operation. The Bureau is also authorized to, and does, prescribe rules, standards and instructions for the installation, maintenance and repair, and inspection of such systems. It inspects such systems and devices to determine if they are in proper condition to operate and provide adequate safety. The Bureau must also evaluate and approve all railroad proposals for discontinuing or material modification of existing signal systems before such systems can be discontinued or materially modified.

Railroad safety devices.—It reports upon devices intended to promote safety in railroad operation which are submitted for examination. The Bureau of Railroad Safety has authority to prescribe rules, standards, and instructions for the installation, inspection, maintenance, and repair of power or train brakes.

Medals of honor.—The Bureau of Railroad Safety investigates and makes recommendations concerning applications for medals of honor filed on behalf of persons who endanger their own lives in saving, or attempting to save, lives from wrecks, disasters, or grave accidents on railroads or highways. The award is made under authority of the Medals of Honor Act of 1905 in accordance with Executive Order 10765 of April 24, 1958.

Locomotive inspection.—Inspections are made of all locomotives used on lines of common-carrier railroads, to determine whether they are in proper condition to operate without unnecessary peril, and equipped and maintained in accordance with rules and regulations. Corrective action is taken in connection with locomotives not conforming to requirements. Investigations are made of accidents caused by failure of locomotives or any of their appurtenances, and evidence of violation is obtained so that appropriate action may be taken.

Specifications covering design, construction, and major repairs of locomotives are checked to determine their safety and corrective action is taken where discrepancies are found. Inspection and repair reports filed by the railroads, and inspection and accident reports filed by Commission inspectors, are analyzed for promotion of safety.

Transportation of explosives.—The Bureau of Railroad Safety, in conjunction with the Office of Hazardous Materials, Office of the Assistant Secretary for Research and Technology, Department of Transportation, provides regulations for the safe transportation of explosives and other dangerous articles by common carriers by railroad in interstate or foreign commerce.

(A summary description of separate programs of the Department of Transportation:)

OFFICE OF THE SECRETARY

THE SECRETARIAL OFFICES

The Secretary and Under Secretary with the assistance of the Deputy Under Secretary have primary responsibility for overall planning, direction and control of Departmental affairs.

The Executive Secretariat provides a central coordinating staff for the Secretary, the Under Secretary, and the Assistant Secretaries.

The Board of Contract Appeals hears, considers and determines as the authorized representative of the Secretary and as fully and finally as might the Secretary, all appeals by contractors from final decisions of the Department contracting officers on disputed questions pursuant to the "disputes provisions" of operating elements contracts which require determination of appeals by the head of the Department. This Board will also act as the Departmental Contract Adjustment Board.

The Board is responsible directly to the Secretary or the Under Secretary.

ASSISTANT SECRETARY FOR PUBLIC AFFAIRS

The Assistant Secretary for Public Affairs is the principal staff adviser to the Secretary on all matters involving public information, legislative relations, congressional liaison, and liaison with Federal agencies, State and local governments, industry, labor, conservation organizations and agencies, equal employment groups, and the general public.

ASSISTANT SECRETARY FOR POLICY DEVELOPMENT

As the principal adviser to the Secretary in the formulation of transportation policy, the Assistant Secretary for Policy Development has responsibility for recommending overall policy objectives, the appraisal of Departmental and Government transportation procedures and practices, and the development of policies and programs which will assure a coordinated and effective national transportation system. The Assistant Secretary for Policy Development will have the central analytical capability for the Department as a whole. He will review all Departmental programs and proposals in terms of their adequacy to meet national transportation needs and their consistency with Departmental and Government policy.

ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS AND SPECIAL PROGRAMS

The Assistant Secretary for International Affairs and Special Programs advises the Secretary on international transportation matters and on special programs such as telecommunications, facilitation and emergency transportation.

The Assistant Secretary will promote United States national interests in international negotiations and in various international organizations which set the rules and policies of world shipping and travel. In addition, he will initiate new efforts in the field of transportation facilitation. A comprehensive assault will be made on the red tape and the physical impediments that restrict the international flow of goods and people in all modes of transportation.

ASSISTANT SECRETARY FOR RESEARCH AND TECHNOLOGY

The Assistant Secretary for Research and Technology is the principal staff adviser to the Secretary on matters involving research and technology including guidance of the Department's research, development, and demonstration programs, liaison with other public and private research and development activities, and the utilization of scientific and technical knowledge in advancing the state of the art in transportation systems. The Assistant Secretary will—

Provide advice and assistance to the Secretary on all matters involving basic and applied research, development and demonstration, science and technology, and the use of scientific and technical knowledge.

Formulate programs to advance the state of the art in transportation, and transportation systems, utilize existing knowledge in the development, improvement, and safety of transportation, and to increase the Nation's capacity for scientific leadership in transportation.

Review the research, development, and demonstration programs of the Department of Transportation, those of other Federal agencies, and those of transportation and related industries and make recommendations to the Secretary to improve the overall performance and coordination of these activities.

Evaluate all Department of Transportation research, development, and demonstration programs and recommend appropriate steps to improve their effectiveness.

Formulate and, where appropriate, administer programs for the collection, collation, and dissemination of scientific and technical information relating to transportation.

Perform at the Secretary's direction such research, development, demonstration, and associated functions because of either their inter-modal or their long range character, cannot be performed effectively in any of the program or other staff elements of the Department.

GENERAL COUNSEL

The General Counsel is the chief legal officer of the Department of Transportation and the final legal authority within the Department on all matters arising within or referred to the Department. The Office of the General Counsel provides legal services to all areas of the Office of the Secretary of Transportation and coordinates and reviews the legal work of the legal offices of the operating elements of the Department.

ASSISTANT SECRETARY FOR ADMINISTRATION

The Assistant Secretary for Administration provides the principal source of staff advice and assistance to the Secretary on matters of organization and management of the Department. In carrying out this responsibility, he exercises executive direction over the following offices:

- Office of Personnel and Training.
- Office of Management Systems.
- Office of Budget.
- Office of Administrative Operations.
- Office of Investigations and Security.
- Office of Logistics and Procurement Policy.
- Office of Audit.

NATIONAL TRANSPORTATION SAFETY BOARD

The major programs of the National Transportation Safety Board include aviation accident investigation and determination of probable cause, review on appeal of suspension, amendment, modification or revocation of certificates and the denial of airmen certificates issued by the Federal Aviation Administration, and the development of recommendations on the prevention of aviation accidents; investigation of maritime, railroad, highway, motor carrier, and pipeline accidents, determination of probable cause and recommendations on the prevention of such accidents; coordinating special studies in safety matters and monitoring Departmental activities and reports of accident investigations; serving as review on appeal of merchant mariner's licenses or seaman's documents.

UNITED STATES COAST GUARD

The major programs of the U.S. Coast Guard include search and rescue operations necessary to rescue and aid persons and save property placed in jeopardy due to marine, aircraft disaster or floods; maintaining aids to navigation including Loran stations to insure safe passage of the marine, armed services and air commerce; insuring compliance with the Federal statutes and regulations pertaining to the merchant marine industry; enforcing Federal laws on the high seas and waters over which United States exercises jurisdiction; participating in the national oceanographic program; operate as a service in the Navy in times of war or national emergency; maintaining trained officers and enlisted personnel in the Ready Reserve to be available for active duty; providing for the acquisition, construction, rebuilding, and improvement of Coast Guard vessels, aircraft and aviation facilities, shore stations and navigational aids, repair and supply facilities, training and recruiting facilities and the alteration of bridges.

FEDERAL AVIATION ADMINISTRATION

The major programs of the Federal Aviation Administration include operation of a national system of air traffic management in the United States and its possessions; providing direction and engineering services related to the establishment and improvement of facilities and equipment in the traffic control system and procurement contracting and material management programs; maintenance of the national network of air navigation and traffic control aids; establishment and

enforcement of the civil air regulations, facility flight inspection and maintenance of agency aircraft; development of regulations governing the physical and mental fitness of airmen and others, health and medical program for agency personnel, and administration of an aviation medical research program; preparing national airport plan and administering the Federal grants-in-aid for airports program; acquiring, establishing, and improving the equipment and facilities for the Federal airways system, aircraft for facility flight inspection and experimental facilities for research and development activities; carrying out a program to improve and modernize the national system of aviation facilities through the development of new systems, procedures, and devices for air traffic control, navigation, aviation weather, aircraft safety and aviation medicine; operation and maintenance of national capital airports; assisting the aviation industry in the development of competitive commercial supersonic transport aircraft.

FEDERAL RAILROAD ADMINISTRATION

The major programs of the Federal Railroad Administration include evaluating and coordinating studies of the needs for and problems of rail transportation service and their relationship to the capabilities and structure of rail transportation industry; directing research and development in high speed ground transportation and demonstrations in rail passenger transportation; promoting the safety of rail transportation, administering those laws under which the Department is responsible for the safety of rail transportation and promoting and regulating safety in the carriage of dangerous cargo by both rail and pipeline; operating the Alaska Railroad and providing transportation service related to such operation.

FEDERAL HIGHWAY ADMINISTRATION

The major programs of the Federal Highway Administration include construction and improvement of forest and public lands, highways, administering highway beautification projects, providing United States assistance in construction of Inter-American highway, Chamizal Memorial Highway, administering the Federal aid highway program and highway research by the Bureau of Public Roads; traffic and highway safety programs establishing motor vehicle and tire safety standards, research, development and testing in traffic safety, highway safety research and development, administering the state and community highway safety programs; maintaining the National Driver Register; enforcing statutes and regulations concerning safety of operation and standards of equipment and hours of service of employees of motor carriers and investigating safety compliance records of applicants having operating authority from the ICC.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The major programs of the St. Lawrence Seaway Development Corporation consist of the construction, operation and maintenance of that part of the St. Lawrence Seaway within the territorial limits of the United States.

(Tabulation showing the use of supergrade positions transferred to Office of the Secretary:)

USE OF POSITIONS TRANSFERRED TO OFFICE OF THE SECRETARY, DEPARTMENT OF TRANSPORTATION

Position	Previous organization	Proposed use in OST	Status	Incumbent of new position	Summary of duties of new position
Deputy Under Secretary for Transportation, GS-301-18 (GSC No. 113) (quota).	Department of Commerce.	Proposed to CSC that space be used for position of Director, Office of Policy Review, Assistant Secretary for Policy Development.	Competitive service.	David M. Schwartz (Proposed.)	Establishment and implementation of long-range policies and coordination of programs and policies leading to the development of an economically balanced and efficient transportation system.
Director, Office of Transportation Policy Development, GS-301-17 (GSC No. 221) (quota).	do.	Proposed to CSC that space be used for position of Director, Office of Government Liaison, Assistant Secretary for Public Affairs.	do.	William R. Carmack, Jr (Proposed.)	Promoting understanding of the mission and activities of DOT by other Federal, State, and local government officials and Department officials of views of these groups toward DOT policies and programs and of general transportation policies.
Director, Office of Transportation Programs, GS-301-16 (GSC No. 1297) (quota).	do.	Space used for Special Assistant to Assistant Secretary for Public Affairs.	Schedule C.	Clark Tyler	Coordinate the several functions within the jurisdiction of the Assistant Secretary for Public Affairs. Serves as personal representative, gathers information, directs meetings, and carries out variety of special assignments.
Assistant Director, Economics, Office of Transportation Policy Development, GS-110-16 (GSC No. 1300) (quota).	do.	Position to be redescribed for Chief, Economic Policy Division, Office of Economics, Assistant Secretary for Policy Development.	Competitive service.	Byron Nupp	Project transport needs and activities in terms of economic and social relationships; prepare long-range planning studies in terms of economic factors.
Director, Office of Emergency Transportation, GS-301-17 (GSC No. 366) (quota).	do.	Director, Office of Emergency Transportation, Assistant Secretary for International Affairs.	Schedule C (action being taken to remove from competitive service.)	John L. McGruder	Directs establishment of policies on transportation emergency planning and coordinate overall plans and procedures for centralized control of all modes of transportation in an emergency.
Assistant Director, Program Policy, Office of Transportation Policy Development, GS-301-16 (GSC No. 1299) (quota).	do.	Proposed to CSC that space be used for Chief, News Division, Office of Public Information, Assistant Secretary for Public Affairs.	Competitive service.	Raymond L. Courage (Proposed.) (Old position assumed by David M. Schwartz.)	Directs reviews and coordinates all information news programs in the Department; focal point for assisting general public in obtaining information about Department programs and activities.

Mr. HENDERSON. Our next witness is the Secretary of the Department of Health, Education, and Welfare. Secretary Gardner, it is a pleasure to welcome you before the subcommittee this morning. We just concluded about an hour and a half with Secretary Boyd of the Department of Transportation.

In previous years we had the Honorable John Macy of the Civil Service Commission who presented the requests for supergrade positions throughout the executive branch. We are very hopeful of the opportunity of getting the major departments and agencies that have requested supergrades to come before us, as you are this morning, to present their case and give us an opportunity to talk to them about the problems within the executive in more detail than we have perhaps in the past.

It will be a pleasure to have you proceed, sir.

STATEMENT OF HON. JOHN W. GARDNER, SECRETARY OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY RALPH K. HUITT, ASSISTANT SECRETARY FOR LEGISLATION; DONALD F. SIMPSON, ASSISTANT SECRETARY FOR ADMINISTRATION; AND WILLIAM G. CRAIG, ACTING DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION (PERSONNEL AND TRAINING)

Secretary GARDNER. Mr. Chairman and members of the committee, I appreciate your invitation to appear before this committee for an in-depth review of the needs for and utilization of supergrade positions in the Department of Health, Education, and Welfare.

I have with me Assistant Secretary for Legislation Ralph Huitt, Assistant Secretary for Administration Donald Simpson, our Personnel Director Bill Craig, and they will be glad to assist in answering questions.

Mr. HENDERSON. Mr. Secretary, I might say they are well known by our subcommittee.

Secretary GARDNER. The Department has grown rapidly in recent years in two important respects. First, in the brief period from 1960 to 1967, the number of programs administered by the Department has tripled, from 62 to 213. During the same period, the budget has grown from \$16.5 billion to \$42 billion. Employment has increased from 70,000 to 105,000.

Second, our programs and the national needs and problems they are designed to overcome, are growing increasingly complex and difficult to administer. The enormous problems of the cities, the opening of educational opportunity for all, the provision of more and better health care, the control and reduction of environmental pollution, the restoration of the disabled, the unemployed, and the impoverished to economic and social self-sufficiency are at the core of our national concerns. All require leadership of extraordinary competence and creativity if we are to be successful, as we must be, in achieving substantial progress toward these goals.

Leadership is the key to the successful, efficient, and economical performance of any large organization. Without leaders of great capacity who set an example of excellence, no organization can hope to attract and retain employees of high quality and productivity.

In the late 1940's, Mr. Chairman, it became apparent that the wartime shortages of educated talent were going to become a more

or less permanent feature of our kind of society and would eventually spread to every professional and executive category. Ours is a society that runs on educated talent. Even in the late 1940's, leading corporations recognized that fact and began the intensive search for talent on college campuses, which they still continue. In the early 1950's law firms and other professional groups, and then in the late 1950's the universities finally recognized that they had to pay for talent or lose their best men. They began to pay. Generally speaking, Government has been slowest to respond to this new situation in our society. It has not ignored the problem, but it has not met it with the imagination and energy that the times require. I am not referring here simply to salaries, but to the whole matter of aggressive recruitment to career development and the whole approach to competition for talent.

The loss of talent an organization suffers when it is in a poor competitive position is a kind of invisible bleeding. No one keeps a record of the good men who leave Government because they can enjoy just as challenging, inspiring, and humanity-serving work in a university for better pay. No one keeps a record of the good men who turn down Government jobs because of the pay. The loss to the Nation and to effective government is concealed—but it is there. The plain fact is that Government must meet the competition for talent or become mired in mediocrity.

We find ourselves in a very difficult situation in staffing the Department of Health, Education, and Welfare. In the years since the Department was established in 1953, the number of positions which require highly educated and specially trained individuals has increased nearly fourfold from 7,035 to 32,545. The nature of our work requires that we employ large numbers of scientists and professional people. The supply of these kinds of people has grown increasingly short as the demands for their services have sharply increased in business, universities, Government, and professional practice. Moreover, Government salaries have not kept pace with pay in the private sector, particularly at the levels represented by supergrade responsibilities. Not many years ago, university staff were attracted to Federal Government service by higher pay and better benefits. The exact opposite is true today. The universities have done an impressive job of raising salary standards and we are now losing increasing numbers of our best people to university appointments.

The removal of the numerical restrictions on supergrades for physicians, scientists, and research engineers has been helpful, but not helpful enough. With almost all of these people able to command salaries of up to several thousand dollars more per annum as full professors and department heads in universities, the \$25,890 limitation on the supergrade and similar appointments—Public Law 313 and section 208(g) of the Public Health Service Act—is hopelessly inadequate.

Stringent numerical limitations have not been removed, however, for many other professional, technical, and executive positions in the so-called quota supergrades. These are vital to the successful administration of our programs. The Department has 197 quota supergrades for scarce personnel such as social workers, educators, economists, actuaries, behavioral scientists, systems analysts, and statisticians.

Top quality and experienced personnel in these fields, as well as our senior managers and executives, lawyers, and financial and management advisers, all can and do command opportunities and salaries outside the Federal Government at or above supergrade levels.

Last year we requested 126 new supergrade positions from the Civil Service Commission. From the 177 authorized in Public Law 89-632, they were able to give us only 55. In the meantime, we have identified an additional 26 which fully merit supergrade allocation, so that we are now deficient 97 needed for the effective performance of the Department's responsibilities.

Imaginative programs and innovative approaches must be designed and carried out if we are to succeed in attacking and solving such old and stubborn problems as disease, ignorance, and social disintegration. We do not want simply to fight a war of containment on these problems. We don't want just to support people on welfare; we want to educate them and get them back to work. We don't want just to stem the tide of disease; we want to wipe it out. And economists have demonstrated that our efforts in these fields pay off heavily as sound investment, but it takes highly skilled people to wage that kind of war.

A substantial number of sociologists, educators, economists, public administrators, statisticians, and related professionals of extraordinary caliber are needed if we are to succeed. Yet these professional occupations are precisely those which are subject to the quota supergrade restrictions. We are severely limited in our ability to obtain the number and kinds of high-caliber individuals so sorely needed to provide the expertise and leadership required, because of the numerical limitations of available supergrade positions in these categories.

Mr. Chairman, your letter posed seven specific questions. I have answered these in attachment 1 to this statement. I would like to explain in some detail, however, the careful scrutiny and tight controls the Department exercises in assessing supergrade requirements, requesting allocations from the Civil Service Commission, recruiting and selecting our nominees for appointment or promotion to these positions, and reviewing the continued need for supergrade positions.

Requests for all supergrade allocations are submitted to the Department in the form of written position descriptions. An analysis of the classification and grade allocation factors justifying a GS-16, 17, or 18 is also submitted, together with a statement detailing the urgency of the need for the position and its priority among all pending requests for supergrades. Information is also included on any and all candidates considered qualified and available, both within and outside the Department, indicating the operating agency's choice among them.

These requests are carefully evaluated by a senior classification analyst in the Department personnel office. If he finds the grade and series requested to be appropriate and fully justified, the position is placed on a list for priority consideration for a quota supergrade. The Under Secretary, Assistant Secretary for Administration, Deputy Assistant Secretary for Administration (Personnel and Training) and I carefully review the list in terms of overall Department priorities. On the basis of this periodic review, we maintain a departmentwide priority list, a copy of which is furnished to the Civil Service Commission.

I may say parenthetically, Mr. Chairman, that our periodic examination of this list is one of the most thoroughgoing efforts, and most carefully watched efforts by our associates, that goes on in the Department, with a great deal of discussion and seeking of evidence.

Every time a vacancy occurs in a supergrade position, the operating agency and the Department review the continued need for the position. If changes in program or organization have lessened the need, the position is abolished and we request the Civil Service Commission to assign the space to the top priority position on our current priority list of requested new supergrade allocations pending at the Commission. All vacancies and new positions are thus in departmentwide competition for placement on the priority list.

A similar evaluation and review of nominations for appointment or promotion to supergrades is made by senior placement officers in the personnel office. If the candidate nominated by an operating agency is found to be the best qualified candidate within the Department, or better than any qualified candidate within the Department if the nominee of an agency is not currently in our employ, the personnel office prepares the necessary personnel documents recommending his nomination to the Civil Service Commission. The Assistant Secretary for Administration reviews the nomination, which is then forwarded for my review and signature. Either the Under Secretary or I personally interview those nominees not already well known to us before forwarding the papers to the Commission.

Mr. Chairman, I have attached to this statement a copy of the section of our personnel policies setting forth these procedures. It will provide additional details on our supergrade management controls and procedures.

(Attachments to statement follow:)

ITEM No. 1

NUMBER OF QUOTA SUPERGRADE LEVEL POSITIONS NOW ASSIGNED TO THE DEPARTMENT

There are assigned to the Department, as of June 30, 1967, a total of 197 spaces: GS-16, 132; GS-17, 45; and GS-18, 20.

(List by position title follows:)

QUOTA GS-18, GS-17, AND GS-16 SPACES ASSIGNED AS OF JUNE 30, 1967

GS-18

Office of the Secretary

Assistant to the Secretary; GS-301-18-CSC-178 (Schedule C).

Deputy Under Secretary; GS-340-18-CSC-166 (Schedule C).

Deputy Assistant Secretary (Program Analysis), Office of the Assistant Secretary for Program Coordination; GS-301-18-CSC-298 (Schedule C).

Deputy Assistant Secretary (Program Systems) (Director, Office of Economic and Social Analysis), Office of the Assistant Secretary for Program Coordination; GS-101-18-CSC-101 (Schedule C).

Special Assistant to the Secretary for Civil Rights, Office of the Special Assistant to the Secretary for Civil Rights; GS-301-18-CSC-28 (Schedule C).

Deputy Assistant Secretary for Education, Office of the Assistant Secretary for Education; GS-301-18-CSC-74 (Schedule C).

Deputy General Counsel, Office of the General Counsel; GS-905-18-CSC-300 (Schedule C).

Social Security Administration

- Director, Bureau of Health Insurance; GS-340-18-CSC-149.
- Director, Bureau of Retirement and Survivors Insurance; GS-340-18-CSC-299.
- Director, Bureau of Data Processing and Accounts; GS-340-18-CSC-296.
- Chief Actuary, Office of the Actuary; GS-1510-18-CSC-297.
- Assistant Commissioner for Administration; GS-341-18-CSC-118.

Office of Education

- Deputy Commissioner of Education; GS-1720-18-CSC-53 (Schedule C).
- Associate Commissioner for Adult, Vocational and Library Programs, Bureau of Adult, Vocational and Library Programs; GS-1720-18-CSC-267.
- Associate Commissioner for Research, Bureau of Research; GS-1720-18-CSC-22.
- Associate Commissioner for Higher Education, Bureau of Higher Education; GS-1720-18-CSC-273.

Welfare Administration

- Deputy Commissioner; GS-340-18-CSC-23 (Schedule C).
- Chief, Children's Bureau; GS-102-18-CSC-156 (Presidential/Senate Confirmation).
- Director, Bureau of Family Services; GS-102-18-CSC-130.

Food and Drug Administration

- Deputy Commissioner of Food and Drugs; GS-695-18-CSC-34.

GS-17

Office of the Secretary

- Assistant to the Secretary (Public Affairs), Immediate Office; GS-301-17-CSC-545 (Schedule C).
- Director, Systems Development, Office of the Assistant Secretary for Program Coordination; GS-301-17-CSC-622.
- Deputy Assistant Secretary for Health Manpower, Office of the Assistant Secretary for Health and Scientific Affairs; GS-301-17-CSC-623 (Schedule C).
- Deputy Assistant Secretary (Individual and Family Services), Office of the Assistant Secretary for Individual and Family Services; GS-301-17-CSC-621 (Schedule C).
- Deputy Director, Center for Community Planning, Office of the Assistant Secretary for Individual and Family Services (Trade-off for GS-301-17-CSC-131, Assistant to the Secretary in process (Schedule C)).
- Deputy Assistant Secretary for Administration (Personnel and Training) (Director of Personnel), Office of the Assistant Secretary for Administration; GS-201-17-CSC-140.
- Deputy Special Assistant to the Secretary for Civil Rights, Office of the Special Assistant to the Secretary for Civil Rights; GS-301-17-CSC-132 (Schedule C).
- Deputy Assistant Secretary for Legislation; GS-301-17-CSC-390 (Schedule C).
- Assistant General Counsel, Division of Legislation; GS-905-17-CSC-152 (Schedule A).
- Assistant General Counsel, Division of Food and Drugs; GS-905-17-CSC-260 (Schedule A).
- Director of Field Coordination; GS-340-17-CSC-389.
- Regional Director, DHEW (Atlanta, Georgia); GS-340-17-CSC-583.
- Deputy Assistant Secretary for International Activities, Office of the Assistant Secretary for Education; GS-301-17-CSC-543 (Schedule C).
- Assistant to the Assistant Secretary (for International Education), Office of the Assistant Secretary for Education (Trade-off for GS-340-17-CSC-630, Chief, Division of Air Pollution, BDPEC, PHS, classification pending at Civil Service Commission).
- Confidential Assistant to the Assistant Secretary for Education, Office of the Assistant Secretary for Education; GS-301-17-CSC-610 (Schedule C).
- Director, Office of Management Systems, Office of the Assistant Secretary for Administration (Trade-off for GS-301-17-CSC-542, Deputy Assistant Secretary in process).
- Deputy Assistant Secretary, Budget (Deputy Comptroller (Budget)), Office of the Assistant Secretary, Comptroller; GS-560-17-CSC-26.
- Director, HEW Audit Agency, Office of the Assistant Secretary, Comptroller; GS-510-17-CSC-331.
- Deputy Assistant Secretary, Finance (Deputy Comptroller (Finance)), Office of the Assistant Secretary, Comptroller; GS-301-17-CSC-556.

Social Security Administration

- Assistant Commissioner (Field); GS-301-17-CSC-626.
- Assistant Commissioner (Research and Statistics); GS-101-17-CSC-620.
- Assistant Commissioner (Program Planning and Evaluation); GS-101-17-CSC-111.
- Director, Bureau of District Office Operations; GS-340-17-CSC-259.
- Director, Bureau of Disability Insurance; GS-340-17-CSC-627.
- Deputy Director, Bureau of Health Insurance; GS-340-17-CSC-293.
- Assistant Director, Bureau of Health Insurance (Operations); GS-340-17-CSC-624.
- Assistant Director, Bureau of Health Insurance (Policy and Standards); GS-105-17-CSC-625.
- Deputy Director, Bureau of Retirement and Survivors Insurance; GS-340-17-CSC-628.
- Director, Bureau of Hearings and Appeals; GS-905-17-CSC-603.
- Associate Commissioner of Education; GS-1720-17-CSC-34.
- Associate Commissioner for International Education; GS-1701-17-CSC-112.
- Associate Commissioner for Field Services; GS-1720-17-CSC-368.
- Assistant Commissioner for Program Planning and Evaluation, Office of Program Planning and Evaluation; GS-1720-17-CSC-570.
- Assistant to the Commissioner for Programs for the Disadvantaged, Office of Programs for the Disadvantaged; GS-1701-17-CSC-444.
- Associate Commissioner for Education for the Handicapped, Bureau of Education for the Handicapped; GS-1720-17-CSC-345.
- Associate Commissioner for Elementary and Secondary Education, Bureau of Elementary and Secondary Education; GS-1720-17-CSC-261.

Welfare Administration

- Deputy Director, Bureau of Family Services; GS-102-17-CSC-163.

Food and Drug Administration

- Associate Commissioner for Compliance; GS-695-17-CSC-308.
- Director, Bureau of Education and Voluntary Compliance; GS-301-17-CSC-394.
- Director, Bureau of Regulatory Compliance; GS-695-17-CSC-46.
- Director, Bureau of Drug Abuse Control; GS-340-17-CSC-501.

Public Health Service

- Executive Officer, Office of the Surgeon General; GS-341-17-CSC-94.
- Associate Director for Institutions, Bureau of Health Manpower; GS-301-17-CSC-629.

Vocational Rehabilitation Administration

- Deputy Commissioner; GS-340-17-CSC-187.

Administration on Aging

- Deputy Commissioner on Aging; GS-340-17-CSC-258.

GS-16

Office of the Secretary

- Confidential Assistant for Special Projects, Office of the Assistant Secretary for Program Coordination; GS-301-16-CSC-1589 (Schedule C).
- Director, Human Investment Programs, Office of the Assistant Secretary for Program Coordination; GS-301-16-CSC-1582.
- Deputy Assistant Secretary for Administration; GS-301-16-CSC-363.
- Deputy Director of Personnel, Office of the Assistant Secretary for Administration; GS-201-16-CSC-343.
- Director, Office of General Services, Office of the Assistant Secretary for Administration; GS-342-16-CSC-316.
- Director, Office of Management Planning, Office of the Assistant Secretary for Administration; GS-343-16-CSC-116.
- Director, Management Consulting Service, Office of Management Systems, Office of the Assistant Secretary for Administration; GS-343-16-CSC-3189.
- Defense Coordinator, Office of the Assistant Secretary for Administration; GS-301-16-CSC-1395.
- Director, Office of State Merit Systems, Office of the Assistant Secretary for Administration; GS-201-16-CSC-1395.

Executive Officer, Office of the Secretary, Office of the Assistant Secretary for Administration (Trade-off for GS-695-16-CSC-1387, Assistant Commissioner for Operations, FDA, classification pending at Civil Service Commission).

Confidential Assistant to the Special Assistant to the Secretary for Civil Rights; GS-301-16-CSC-465 (Schedule C).

Deputy Chief, Division of Legislation, Office of the General Counsel; GS-905-16-CSC-339 (Schedule A).

Assistant General Counsel, Division of Old Age and Survivors Insurance, Office of the General Counsel; GS-905-16-CSC-107 (Schedule A).

Assistant General Counsel, Division of Welfare and Rehabilitation, Office of the General Counsel; GS-905-16-CSC-131 (Schedule A).

Assistant General Counsel, Division of Public Health, Office of the General Counsel; GS-905-16-CSC-776 (Schedule A).

Assistant General Counsel, Division of Business and Administrative Law; GS-905-16-CSC-352 (Schedule A).

Assistant General Counsel, Division of Education; GS-905-16-CSC-425 (Schedule A).

Assistant General Counsel, Division of Health Insurance; GS-905-16-CSC-1578 (Schedule A).

Deputy Assistant General Counsel, Division of Food and Drugs; GS-905-16-CSC-1613 (Schedule).

Associate Director of Field Coordination; GS-340-16-CSC-643.

Regional Director, DHEW, Region I (Boston, Massachusetts); GS-340-16-CSC-944.

Regional Director, DHEW, Region II (New York, New York); GS-340-16-CSC-939.

Regional Director, DHEW, Region III (Charlottesville, Virginia); GS-340-16-CSC-102.

Regional Director, DHEW, Region V (Chicago, Illinois); GS-340-16-CSC-443.

Regional Director, DHEW, Region VI (Kansas City, Missouri); GS-340-16-CSC-943.

Regional Director, Region VII (Dallas, Texas); GS-340-16-CSC-941.

Regional Director, DHEW, Region VIII (Denver, Colorado); GS-340-16-CSC-350.

Regional Director, DHEW, Region IX (San Francisco, California); GS-340-16-CSC-940.

Assistant to the Assistant Secretary for Education (Educational Television), Office of the Assistant Secretary for Education GS-301-16-CSC-120 (Schedule C).

Deputy Assistant Secretary for Education (Special Education Services), Office of the Assistant Secretary for Education GS-301-16-CSC-1388 (Schedule C).

Special Assistant to the Secretary (for Mental Retardation Activities), Office of the Assistant Secretary for Individual and Family Services; GS-340-16-CSC-146 (Schedule C).

Deputy Assistant Secretary (Youth Development), Office of the Assistant Secretary for Individual and Family Services GS-301-16-CSC-1577 (Schedule C).

Deputy Assistant Secretary (Community Development), Office of the Assistant Secretary for Individual and Family Services GS-301-16-CSC-1581 (Schedule C).

Director, Division of Grants Policy Administration, Office of the Assistant Secretary, Comptroller (Trade-off for GS-301-16-CSC-338, Assistant Comptroller (Cost Reduction and Manpower Control), classification pending at Civil Service Commission).

Director, Division of Operations Analysis, Office of the Assistant Secretary, Comptroller; GS-301-16-CSC-319.

Deputy Director, HEW, Audit Agency, Office of the Assistant Secretary, Comptroller; GS-510-16-CSC-554.

Deputy Director, Division of Budget Office of the Assistant Secretary, Comptroller; GS-560-16-CSC-936.

Director of Public Information; GS-1081-16-CSC-356.

Social Security Administration

Assistant to the Commissioner of Social Security; GS-301-16-CSC-1588.

Deputy Assistant Commissioner (Field); GS-301-16-CSC-1593.

Regional Assistant Commissioner, SSA (San Francisco, California); GS-301-16-CSC-1596.

Regional Assistant Commissioner, SSA (Atlanta, Georgia); GS-301-16-CSC-1597.

Regional Assistant Commissioner, SSA (New York, New York); GS-301-16-CSC-1598.

Regional Assistant Commissioner, SSA (Charlottesville, Virginia); GS-301-16-CSC-1599.

Regional Assistant Commissioner, SSA (Chicago, Illinois); GS-301-16-CSC-1600.

Regional Assistant Commissioner, SSA (Kansas City, Missouri); GS-301-16-CSC-1601.

Regional Assistant Commissioner, SSA (Boston, Massachusetts); GS-301-16-CSC-1602.

Regional Assistant Commissioner, SSA (Dallas, Texas); GS-301-16-CSC-1603.

Deputy Assistant Commissioner for Administration, Office of Administration; GS-341-16-CSC-1587.

Deputy Assistant Commissioner for Administration, Office of Administration; GS-341-16-CSC-1591.

Deputy Director, Bureau of Data Processing and Accounts; GS-340-16-CSC-1530.

Assistant Director (Methods and EDP Systems), Bureau of Data Processing and Accounts; GS-301-16-CSC-1611.

Deputy Director, Bureau of District Office Operations; GS-105-16-CSC-1592.

Deputy Assistant Commissioner, Office of Research and Statistics; GS-101-16-CSC-1590.

Deputy Assistant Director, Bureau of Health Insurance (Insurance Operations); GS-340-16-CSC-1609.

Assistant to the Director, Bureau of Health Insurance; GS-301-16-CSC-1606.

Assistant Director, Bureau of Health Insurance (Health Insurance Reimbursement); GS-301-16-CSC-1615.

Deputy Assistant Director, Bureau of Health Insurance (Policy and Standards); GS-105-16-CSC-1608.

Deputy Director, Bureau of Disability Insurance; GS-340-16-CSC-1595.

Assistant Director, Bureau of Disability Insurance (Disability Operations); GS-340-16-CSC-1610.

Assistant Director, Bureau of Retirement and Survivors Insurance (Claims Policy); GS-105-16-CSC-1605.

Deputy Chief Actuary (Washington, D.C.), Office of the Actuary; GS-1510-16-CSC-1585.

Deputy Chief Actuary (Baltimore, Maryland), Office of the Actuary; GS-1510-16-CSC-1594.

Information Officer, Office of Information; GS-1081-16-CSC-1588.

Deputy Assistant Commissioner, Office of Program Evaluation and Planning; GS-101-16-CSC-1586.

Director, Division of Health Insurance, Office of Program Evaluation and Planning; GS-101-16-CSC-212.

Director, Bureau of Federal Credit Unions; GS-340-16-CSC-163.

Office of Education

Executive Officer, Office of the Commissioner; GS-341-16-CSC-358.

Assistant to the Commissioner; GS-1720-16-CSC-160 (Schedule C).

Assistant Commissioner for Legislation and Congressional Relations; GS-1720-16-CSC-1535.

Director, Office of Contract and Construction Service, Office of the Commissioner; GS-340-16-CSC-825.

Staff Director, National Advisory Council on the Education of Disadvantaged Children; GS-301-16-CSC-961.

Director, Division of Data Processing Systems, National Center for Educational Statistics; GS-301-16-CSC-656.

Director, Division of Program Evaluation, Office of Program Planning and Evaluation; GS-1720-16-CSC-647.

Assistant to the Commissioner for Equal Educational Opportunities, Office of Equal Educational Opportunities; GS-1720-16-CSC-23.

Deputy Assistant to the Commissioner for Equal Educational Opportunities, Office of Equal Educational Opportunities; GS-1720-16-CSC-922.

Deputy Associate Commissioner for Education for the Handicapped, Bureau of Education for the Handicapped. (Trade-off for GS-1701-16-CSC-834, Deputy Assistant to the Commissioner for Programs for the Disadvantaged. Classification is pending at the Civil Service Commission.)

Director, Division of Graduate Programs, Bureau of Higher Education; GS-1720-16-CSC-1498.

Director, Division of College Facilities, Bureau of Higher Education; GS-1720-16-CSC-1497.

Director, Division of Foreign Studies, Bureau of Higher Education; GS-1720-16-CSC-1392.

Director, Division of Student Financial Aid, Bureau of Higher Education; GS-1720-16-CSC-1534.

Director, Division of College Support, Bureau of Higher Education; GS-1720-16-CSC-97.

Deputy Associate Commissioner for Elementary and Secondary Education, Bureau of Elementary and Secondary Education; GS-1720-16-CSC-71.

Director, Division of State Agency Cooperation, Bureau of Elementary and Secondary Education; GS-1720-16-CSC-231.

Director, Division of Program Operations, Bureau of Elementary and Secondary Education; GS-1720-16-CSC-714.

Director, Division of Educational Personnel Training, Bureau of Elementary and Secondary Education; GS-1720-16-CSC-830.

Director, Division of Plans and Supplementary Centers, Bureau of Elementary and Secondary Education; GS-1720-16-CSC-1397.

Assistant Commissioner and Director, Division of School Assistance in Federally Affected Areas, Bureau of Elementary and Secondary Education; GS-1720-16-CSC-166.

Deputy Associate Commissioner for Adult, Vocational and Library Programs, Bureau of Adult, Vocational and Library Programs; GS-1720-16-CSC-1556.

Director, Division of Library Services and Educational Facilities, Bureau of Adult, Vocational and Library Programs; GS-1720-16-CSC-1557.

Director, Division of Adult Education Programs, Bureau of Adult, Vocational and Library Programs; GS-1720-16-CSC-1558.

Director, Division of Vocational and Technical Education, Bureau of Adult, Vocational and Library Programs; GS-1720-16-CSC-448.

Director, Division of Manpower Development and Training, Bureau of Adult, Vocational and Library Programs; GS-1720-16-CSC-1541.

Deputy Associate Commissioner for Research, Bureau of Research; GS-1720-16-CSC-938.

Director, Division of Elementary-Secondary Research, Bureau of Research; GS-1720-16-CSC-1386.

Director, Division of Adult and Vocational Research, Bureau of Research; GS-1720-16-CSC-1559.

Director, Division of Higher Education Research, Bureau of Research; GS-1720-16-CSC-1560.

Director, Division of Laboratories and Research Development, Bureau of Research; GS-1720-16-CSC-1651.

Director, Division of Research Training and Dissemination, Bureau of Research; GS-1720-16-CSC-691.

Welfare Administration

Executive Officer, Office of the Commissioner; GS-341-16-CSC-454.

Director of Research, Office of the Commissioner; GS-101-16-CSC-1390.

Assistant Commissioner, Social Services and Financial Administration, Office of the Commissioner; GS-102-16-CSC-1584.

Legislative Reference Officer, Office of the Commissioner; GS-301-16-CSC-1393.

Director, Cuban Refugee Program Staff; GS-340-16-CSC-1384.

Director, Juvenile Delinquency and Youth Development; GS-301-16-CSC-1394.

Director, Division of Social Services, Children's Bureau; GS-102-16-CSC-445.

Director, Division of Research, Children's Bureau; GS-102-16-CSC-456.

Assistant Director for Special Services, and Chief, Office of Special Services, Bureau of Family Services; GS-102-16-CSC-1536.

Assistant Director for Program Operations, Bureau of Family Services; GS-102-16-CSC-600.

Food and Drug Administration

Assistant Commissioner for Education and Information; GS-695-16-CSC-281.

Assistant Commissioner for Administration; GS-301-16-CSC-353.

Deputy Director, Bureau of Education and Voluntary Compliance; GS-301-16-CSC-604.

Deputy Director, Bureau of Drug Abuse Control; GS-340-16-CSC-1579.

Public Health Service

Assistant Executive Officer, Office of Administration, Office of the Surgeon General; GS-341-16-CSC-1396.

Director, Division of Finance, Office of Administration, Office of the Surgeon General; GS-505-16-CSC-1639.

Director, Office of Personnel, Office of the Surgeon General; GS-201-16-CSC-453.

Assistant to the Surgeon General; GS-301-16-CSC-340.

Director, Office of Legislation; GS-301-16-CSC-317.

Director, Office of Equal Health Opportunity, Office of the Surgeon General; GS-301-16-CSC-1604.

Executive Officer, Bureau of Disease Prevention and Environmental Control; GS-341-16-CSC-376.

Assistant Chief for Compliance and Control, Bureau of Disease Prevention and Environmental Control; GS-301-16-CSC-1607.

Chief, Abatement Branch, National Center for Air Pollution Control, Bureau of Disease Prevention and Environmental Control; GS-340-16-CSC-650.

Executive Officer, Bureau of Health Services; GS-341-16-CSC-462.

Assistant Chief for Management, Planning and Operations, Division of Medical Care Administration, Bureau of Health Services; GS-301-16-CSC-1614.

Executive Officer, Bureau of Health Manpower; GS-341-16-CSC-193.

Executive Officer, Division of Regional Medical Programs, National Institutes of Health; GS-341-16-CSC-121.

Executive Officer, National Institute of Mental Health; GS-341-16-CSC-323.

Vocational Rehabilitation Administration

Associate Commissioner for Program Services; GS-102-16-CSC-172.

Associate Commissioner for Research and Training; GS-102-16-CSC-543.

Chief, Division of Research Grants and Demonstrations, Office of the Associate Commissioner for Research and Training; GS-102-16-CSC-1356.

Assistant Commissioner for Planning, Program Evaluation and Administration. (Trade-off for GS-301-16-CSC-90, Special Assistant to the Assistant Secretary for Education, Office of the Secretary, classification is pending at the Civil Service Commission.)

Administration on Aging

Assistant Commissioner for Research, Demonstrations, and Training; GS-101-16-CSC-1612.

ITEM No. 2

Number of Current Vacancies, Duration of Vacancies and Reasons for Extended Vacancies and List of positions currently vacant follow:

QUOTA SPACES VACANT AS OF JUNE 30, 1967**OFFICE OF THE SECRETARY**

Assistant to the Assistant Secretary for International Education, Office of the Assistant Secretary for Education (Trade-off for GS-340-17-CSC-630).

Deputy Director, Center for Community Planning, Office of the Assistant Secretary for Individual and Family Services (Trade-off for GS-301-17-CSC-131).

Director, Office of Management Systems, Office of the Assistant Secretary for Administration (Trade-off for GS-301-17-CSC-542).

Director of Personnel, Office of the Assistant Secretary for Administration (GS-201-17-CSC-140).

Classification of position is pending at the Civil Service Commission. Candidate nominated for this position declined. Recruiting reopened. Expect new selection to be made shortly.

Classification of position and qualifications of nominee are pending at the Civil Service Commission.

Position description being prepared for submission to the Civil Service Commission.

Position of Deputy Assistant Secretary for Administration (Personnel and Training) is being established in lieu of this position. Selection has been made. Personnel action is in process.

OFFICE OF THE SECRETARY—continued

- Executive Officer, Office of the Secretary, Office of the Assistant Secretary for Administration (Trade-off for GS-695-16-CSC-1387). Classification of position and qualifications of incumbent are pending at the Civil Service Commission.
- Associate Director of Field Coordination, Office of Field Coordination (GS-340-16-CSC-643). Certified May 25, 1967.
- Director, Division of Grants Administration Policy, Office of the Assistant Secretary, Comptroller (Trade-off for GS-301-16-CSC-338). Classification of position and qualifications of incumbent are pending at the Civil Service Commission.
- Director, Division of Operations Analysis, Office of the Assistant Secretary, Comptroller (GS-301-16-CSC-319). Qualifications of nominee are pending at the Civil Service Commission.
- Deputy Assistant Secretary (Youth Development), Office of the Assistant Secretary for Individual and Family Services (GS-301-16-CSC-1577 (Schedule C)). Certified November 22, 1966. The Assistant Secretary for Individual and Family Services is currently negotiating with a candidate.

WELFARE ADMINISTRATION

- Assistant Commissioner (Social Services and Financial Administration) (GS-102-16-CSC-1584). Certified November 22, 1966. Selection has been made. Personnel action is in process.
- Director, Juvenile Delinquency and Youth Development (GS-301-16-CSC-1394). Vacant since March 1, 1967. Position involved in reorganization. Awaiting decision on reorganization before initiating any action on this position.

OFFICE OF EDUCATION

- Director, Office of Contract and Construction Service (GS-340-16-CSC-825). Certified July 13, 1965. Transfer of construction functions from the Department of Housing and Urban Development under negotiation until recently. Affect of reorganization under study.
- Deputy Associate Commissioner for Education for the Handicapped, Bureau of Education for the Handicapped (Trade-off for GS-1701-16-CSC-834). Classification of position and qualifications of nominee are pending at the Civil Service Commission.
- Director, Division of Foreign Studies, Bureau of Higher Education (GS-1720-16-CSC-1392). Certified July 13, 1965. Function to be transferred to the Office of the Secretary. Affect of this transfer on position under study.
- Director, Division of Plans and Supplementary Centers, Bureau of Elementary and Secondary Education, (GS-1720-16-CSC-1399). Vacant since October 16, 1966. Selection had been made after extensive recruitment and personnel action initiated in June 1967. Nominee later declined. Plans for use of this space under consideration by the Commissioner of Education.
- Director, Division of Elementary and Secondary Research, Bureau of Research (GS-1720-16-CSC-1386). Certified July 20, 1965. Extensive recruitment efforts have been underway for sometime. Selection has been made. Personnel action is in process.
- Director, Division of Higher Education Research, Bureau of Research (GS-1720-16-CSC-1560). Certified July 20, 1965. Extensive recruitment efforts have not resulted in locating a suitable candidate. Plans for use of this space under consideration by the Commissioner of Education.

SOCIAL SECURITY ADMINISTRATION

- Director, Bureau of Data Processing and Accounts (GS-340-18-CSC-296). Certified November 22, 1966. Well qualified candidates in the data processing field command top salaries. Extensive recruitment efforts have been underway to locate a well qualified administrator and data processing expert. The Commissioner of Social Security has under consideration a group of well-qualified candidates and is expected to make a selection shortly.
- Deputy Director, Bureau of Health Insurance (GS-340-17-CSC-293). Vacant since February 24, 1967.
- Assistant Director, Bureau of Health Insurance (Policy and Standards) (GS-105-17-CSC-625). Certified November 22, 1967. Experienced and well qualified candidates in the field of health insurance are in great demand. The Director, Bureau of Health Insurance (who entered on duty April 17, 1967) and the Commissioner of Social Security have under consideration a group of well-qualified candidates and a selection is expected to be made shortly.
- Assistant to the Commissioner of Social Security (GS-301-16-CSC-1583). Certified November 22, 1966. The Commissioner of Social Security, after an extensive personal nationwide search, has under consideration a group of well-qualified candidates and is expected to make a selection shortly.

ADMINISTRATION ON AGING

- Assistant Commissioner for Research, Demonstration and Training (GS-101-16-CSC-1612). Certified November 22, 1966. Stiff salary competition and the small number of outstanding specialists in aging has required extensive recruiting efforts by the Commissioner on Aging to interest candidates to seek this position. The Commissioner on Aging has made a selection and is in process of preparing the formal submission of the qualifications of the person selected to the Office of the Secretary for review.

FOOD AND DRUG ADMINISTRATION

- Deputy Director, Bureau of Education and Voluntary Compliance (GS-301-16-CSC-604). Vacant since June 18, 1967.

PUBLIC HEALTH SERVICE

- Associate Director for Institutions, Bureau of Health Manpower (GS-301-17-CSC-629). Certified November 22, 1966. Position changed by reorganization and filled by Commissioned Officer. Proposal for use of this space under consideration in the Office of the Secretary.
- Director, Office of Legislation, Office of the Surgeon General (GS-301-16-CSC-317). Vacant since June 4, 1967. Selection has been made. Personnel action is in process.
- Assistant Director for Compliance and Control, Bureau of Disease Prevention and Environmental Control (GS-301-16-CSC-1607). Certified November 22, 1966. Decision reached on May 25, 1967, that position did not evolve as projected during reorganization. Proposal for use of this space under consideration in the Office of the Secretary.

PUBLIC HEALTH SERVICE—continued

Executive Officer, National Institute of Mental Health (GS-341-16-CSC-323).

Certified November 22, 1966. Organization of management activities of this Institute are under review. Until this review is completed affect on this position will not be known. It is expected that the review will be completed shortly.

ITEM NO. 3 AND ITEM NO. 4

Supergrade appointments during past year (June 1, 1966-May 31, 1967) and how they were filled (promotion from within or transfers from other departments and agencies or from outside of Government service).

83 quota positions were filled in the past year. 73 or 88 percent were filled from within the Federal Service (65 promotion actions—8 transfer actions). Ten quota positions or 12 percent were filled from outside of the Government service. Attached is a table showing in detail by grade and organization how these 83 positions were filled.

METHOD OF FILLING QUOTA GS-16, GS-17, AND GS-18 POSITIONS (JUNE 1, 1966, TO MAY 31, 1967)

	Total	Promotions	Transfers	New appointments
Total.....	83	65	8	10
GS-16.....	57	46	6	5
Social Security Administration.....	27	27		
Office of the Secretary.....	11	7	3	1
Office of Education.....	9	3	2	4
Public Health Service.....	6	5	1	
Food and Drug Administration.....	3	3		
Welfare Administration.....	1	1		
Vocational Rehabilitation Administration.....				
Administration on Aging.....				
St. Elizabeths Hospital (no quota positions).....				
GS-17.....	18	13	2	3
Social Security Administration.....	7	7		
Office of the Secretary.....	5	2	2	1
Office of Education.....	3	1		2
Public Health Service.....				
Food and Drug Administration.....	2	2		
Welfare Administration.....	1	1		
Vocational Rehabilitation Administration.....				
Administration on Aging.....				
St. Elizabeths Hospital.....				
GS-18.....	8	6		2
Social Security Administration.....	4	3		1
Office of the Secretary.....	2	2		
Office of Education.....	1			1
Public Health Service.....				
Food and Drug Administration.....	1	1		
Welfare Administration.....				
Vocational Rehabilitation Administration.....				
Administration on Aging.....				
St. Elizabeths Hospital.....				

ITEM NO. 5

RECRUITMENT SUCCESS OF LATE FOR TOP CAREER CIVIL SERVICE PERSONNEL

The Department and its operating agencies have made considerable efforts in filling those supergrade positions which were given to us and which have become vacant. Fortunately, the Department has been able to fill many of these key positions through promotion of its own employees. During the last year 65 supergrade positions (78.3%) were filled in this manner. In addition, 8 positions (9.7%) were filled by transfer of employees from other Government agencies, and 10 positions (12%) were filled by appointment of candidates from outside of Government.

ITEM No. 6

EMPLOYEE TURNOVER IN TOP LEVEL QUOTA JOBS (GS-14 AND ABOVE)—SEPARATION RATE¹ FOR THE PAST YEAR, JUNE 1, 1966, TO MAY 31, 1967

	Separation rate (percent)	Number of separations	Number of filled positions
GS-14/GS-18.....	6.3	179	2,841
GS-18.....			14
GS-17.....	18.2	6	33
GS-16.....	10.3	9	87
GS-15.....	7.7	61	788
GS-14.....	5.4	103	1,919

¹ Separation rate (percent) = $\frac{\text{Number of separations} \times 100}{(\text{Average}) \text{ strength (number of filled positions as of Oct. 31, 1966)}}$
 Separations from HEW (by resignation, transfer, retirement, involuntary separation and death).

ITEM No. 7

PROCEDURES IN USE FOR FILLING SUPERGRADE POSITIONS

Each operating agency of the Department has a plan for filling its supergrade positions that requires the consideration of all qualified employees in the agency as well as qualified candidates from outside the agency who have indicated an interest in being considered for a particular kind of position. Similarly, interest is solicited from outside sources whenever appropriate and necessary to insure an adequate supply of well-qualified candidates and to insure selection from among the best qualified. All candidates so identified are given fair and equitable consideration.

The methods of evaluating the extent to which candidates possess the qualifications are influenced by the type of supergrade position being filled. The methods used throughout the Department, however, are realistic in terms of the kind and the quality of the work to be performed, are practical in terms of cost and ease of administration, provide for appropriate consideration of employee achievements that have earned special recognition, and are as reliable and as valid as the circumstances will allow. This evaluation process requires the identification of the well-qualified candidates for referral to the selecting official.

The selecting official reviews and considers the group of well qualified candidates and nominates the best qualified of the group for his position. The head of the agency in which the position is located after further review and consideration forwards the nomination to the Office of the Secretary. He does this by memorandum and describes the recruiting efforts used, and relates the qualifications, achievements and professional stature of the nominee to the duties and responsibilities and qualification requirements of the position.

A senior personnel management specialist in the Department's Office of Personnel and Training reviews the nomination and prepares the necessary personnel documents for submission to the Civil Service Commission. The Assistant Secretary for Administration reviews the nomination and forwards it for review and approval to the Secretary. Either the Secretary or the Under Secretary personally interviews the nominee if he is not already well known by them before forwarding the papers to the Commission.

MANAGEMENT AND CONTROL OF GS-16, GS-17, AND GS-18 QUOTA POSITIONS

312-1-00 Purpose

The purpose of this Instruction is to outline Department policy in the management and control of quota positions in grades GS-16, GS-17, and GS-18.

312-1-10 Department Policy

The Department's policy is to consider the Department as a whole in developing requests for GS-16, GS-17, and GS-18 classifications for positions in occupations subject to quota limitations; to make the most equitable distribution of these limited spaces based on relative program and management priorities established

by the Secretary; to continually review Department-wide needs for quota positions; to provide the Secretary with current information reflecting the Department's distribution of existing positions and needs for additional positions; and to keep the Civil Service Commission informed on a timely basis of the Department's changes in priorities and additional needs.

312-1-20 *Department Priority List*

A Department Priority List has been established, identifying the Department's needs for additional quota positions proposed by operating agencies and staff offices and approved by the Secretary. This is a list of positions by grade, in the priority order approved for each grade by the Secretary and is maintained by the Assistant Secretary for Administration. This list is reviewed periodically to make necessary changes in positions and priorities and to keep the Civil Service Commission currently informed of the Department's needs.

312-1-30 *Procedures*

A. The following procedures are established for operating agencies and Office of the Secretary staff offices to implement the above policy:

1. *Requesting Additional Positions.*—Operating agencies and OS staff offices will send all requests for additional quota positions to the Office of the Assistant Secretary for Administration, in accordance with the instructions contained in Exhibit I. These requests will be reviewed and placed on the Department Priority list, as outlined in 312-1-20.

2. *Notification of Anticipated Vacancies.*—Operating agencies and OS staff offices (through the Executive Office) will notify in writing the Office of Personnel and Training, OS, of anticipated vacancies *as soon as possible* after it is known that a quota GS-16, 17 or 18 position is to be vacated. The Notification will include the position title, series, grade and CSC certification number, and the name of the incumbent. In addition, the Notification will explain the proposed use of the anticipated vacancy, specifically as follows:

a. If it is proposed to fill the position when it becomes vacant without significant change in duties and responsibilities the Notification will contain a certification that the position will continue to function as described in the Position Description currently of record; or

b. If it is proposed to convert the position when vacated to establish a new position, the Notification will include a brief explanation and justification therefor and a brief summary of the proposed duties and responsibilities of the new position; or

c. If it is proposed to use or dispose of the position when vacated in some manner other than the above the Notification should so indicate and explain.

3. *Reporting Vacancies.*—When a position is actually vacated, operating agencies and Executive Office, OS, will so report in writing to the Office of Personnel and Training, OS, *within 3 days* following separation of the incumbent. (The Department must report to CSC within 5 days.) The Vacancy Report will specify the name of the recent incumbent, the position title, series, grade and CSC certification number.

4. *Requesting Extensions of Classification.*—The classification of and authority to fill each quota position certified by the Civil Service Commission automatically expires if it has not been filled within 90 days. To retain the authority to fill the position the Department must request an extension from CSC before expiration of the 90 day period. Operating agencies and Executive Office, OS, will notify the Office of Personnel and Training, OS, in writing *no later than the 75th day of vacancy*, if an extension is desired. Each request for extension must include a summary of recruiting efforts undertaken and indicate the prospects for filling the position within the ensuing 90 days. If no request for extension is submitted, the position will be cancelled and the space will revert to the Department for use, with CSC approval, in accordance with the Department Priority List.

B. The following procedures will apply to the Office of the Secretary in taking action on requests from operating agencies and Executive Office, OS.

1. *Notification of Anticipated Vacancies.*—Based on the proposed use of the anticipated vacancy by the operating agency or OS staff office concerned, the following actions will be taken:

a. *Requests to Fill Vacancies Without Substantial Change.* The facts will be reviewed, and appropriate Department and Civil Service Commission approvals secured. The requesting office will be notified of the approval to proceed with recruitment and tentative selection. It is anticipated that most cases in this category will be approved quickly.

b. *Requests to Convert a Vacant Space to a Different Position.*

(1) If the proposed position is already listed on the Department Priority List, and immediate action to establish and fill the position is consistent with the priorities established by the Secretary, the requesting office will be so notified. The operating agency will immediately prepare a formal request for an additional position, in accordance with the instructions outlined in Exhibit I. The request will be submitted to the Assistant Secretary for Administration, and will identify the position to be converted in order to establish the new position.

(2) If the proposed new position is on the Department Priority List, but immediate action to establish and fill the proposed position is not consistent with the priorities approved by the Secretary, the requesting office will be so informed. The vacant space will then be transferred to the position that is the Department's highest priority.

(3) If the proposed new position has not yet been approved for the Department Priority List, the request will be deferred until the next review by the Secretary. The requesting office will be informed of the results of this review. The request will then be processed in accordance with (1) or (2) above.

2. *Reassignment of Vacant Spaces.*—All vacancies that have not been committed within six months after they are classified or become vacant will revert to the Secretary for reassignment, with CSC approval, in accordance with the Department Priority List.

3. *Requests for Extension.*—The Department will request one extension of 90 days. A second extension normally will be requested only when a tentative selection has been made and the additional time is required to obtain the necessary approvals.

DOCUMENTS REQUIRED FOR REQUESTING NEW GS-16, GS-17, AND GS-18 QUOTA POSITIONS

Each request for a quota position must be supported by the following documents:

A. A position description (use Optional Form 8) (3 copies). The position description should clearly state the principal duties, responsibilities, and supervisory relationships and qualification requirements that are significant for classification purposes. Requirements for specialized skills, knowledges, abilities, or personal traits that are not readily apparent from a review of the OF-8 for appropriateness of the classification series recommended should be specifically covered. The front and back of the OF-8 should be used.

B. Organization Charts (functional and staffing) pertinent to the proposed classification (include organization above, below and parallel to the position). Staffing charts should show in detail (title, series, grade, and position number [use CSC number if position has been approved by CSC]) positions GS-12 and above reporting to the position under consideration (positions GS-11 and below may be shown as a total) (3 copies).

C. Evaluation Statement (3 copies). Indicate the basis for the recommendation (be brief and to the point).

1. Compare the position's duties and responsibilities and qualification requirements with appropriate published position classification standards and guides (e.g., Guide for Appraisal of Scientific Positions); and with positions already approved by the Civil Service Commission in the operating agency. Make the same kind of comparison with positions approved by the Civil Service Commission elsewhere in DHEW, if there are no comparable positions in the operating agency. OF-8's for DHEW positions approved by the Civil Service Commission are available in the Classification and Compensation Branch, Office of Personnel and Training, Office of the Assistant Secretary for Administration, Office of the Secretary.

2. Relate the position to the accomplishment of the organization's mission. Describe how the proposed classification will facilitate attainment of the organization's mission. Discuss the probable effects to the program if the position were not classified at the proposed grade or if the position did not exist at all.

3. Give full details if the impact of a particular person is a significant consideration in determining the grade level of the position. If no incumbent or candidate, so state.

Secretary GARDNER. I might say one final word, Mr. Chairman, and that is, as a newcomer to Washington I am very much impressed

with the care and professional scrutiny that the Civil Service Commission provides in this process. We feel we are working with them in a very highly professional and disciplined relationship.

Mr. HENDERSON. Thank you, Mr. Secretary, for a very fine statement.

You indicated last year you requested 126 new supergrade positions from the Commission and that they were only able to allocate you 55. Can you tell us how many of the 126 that you requested were actually evaluated as supergrade positions by the Commission?

Mr. SIMPSON. Mr. Chairman, they evaluated all of them that we submitted in relation to the total request they received from the entire Government, and in relation to the 177 new positions authorized; but they did not give us a report back on their evaluation as to whether they agreed with our personnel analysts that all 126 positions did, in fact, fully merit the GS-16, GS-17, or GS-18 allocations.

Mr. HENDERSON. I noted from the data that were submitted last year 46 of the GS-16 positions were filled by promotions from within the Department and, Mr. Secretary, it is here that we would point out to you we have to be careful not to inflate.

And I would ask you, do you not think this is an inflation of the GS-16 positions?

Secretary GARDNER. No, sir; I do not think it is. I would be glad to get the comment of my professional colleagues here, but in my view this has proceeded in a very orderly way and the figures do not seem to be out of line.

Mr. HENDERSON. You feel assured that these 46 did receive increased responsibilities and requirements of their positions that would warrant the increase?

Mr. SIMPSON. Yes, sir; the analyses made by our classification analysts concluded that in each of the 126 we forwarded to the Civil Service Commission they did merit the 16, 17, or 18 allocations we requested.

Mr. HENDERSON. Mr. Secretary, before I yield to the others for questions, I am sure you can answer, that in our efforts as a manpower subcommittee and as we move into some of these areas, we touch on matters that are possibly also in the jurisdiction of some of the legislative committees that you appear before, but we have run into one matter, and as we do in these areas we try to call these to the attention of the Department as appropriate.

Mr. Gardner, on May 11 of this year I requested your views on the U.S. Public Health foreign quarantine program, especially as it relates to ports of entry manned principally by military personnel. Members of the committee staff talked with Dr. Louis Jacos, Chief, Division of Foreign Quarantine Inspection Services and his assistants on a couple of occasions.

We of the subcommittee, as related to us by our staff, have been concerned about the overall effectiveness of the program in the areas of communicable diseases, especially in view of the publicity by various news media of the high incidence of returned veterans who may be carriers of communicable diseases.

As recently as this month, the Washington newspapers carried an article titled "Rise in U.S. Malaria Cases Hints Reintroduction by GPs."

We have not received a response to my request of May 11 and I am wondering if my inquiry has been brought to your individual attention, as yet?

Secretary GARDNER. It was brought to my attention at that time and, as you would judge, I passed it on to the Surgeon General.

Mr. SIMPSON. I was aware of that also, Mr. Chairman, and the Public Health Service is preparing the reply. They have not submitted it to us yet. This is a very complicated problem in relation to the staffing of inspectors at ports of entry for quarantine inspection, and I would really like more time to submit the reply to the full committee.

Mr. HENDERSON. You may have additional time; I hope you will make a very close review of the Public Health Service, the Surgeon General's position. We want to be as helpful as we can, Mr. Secretary, but we are quite concerned, particularly when the primary responsibility lies with you and the Public Health Service. We find that the onsite performance is being done by the military who, we think, cannot be as competent as our own civil service employees might be, and this is the area we feel needs a real close look.

To be very honest with you, Mr. Secretary, it was reported to me in defense of your system that is now in existence, one of the HEW officials in conference with our staff said, "Well, the best evidence is, we have not had an outbreak of disease that we could trace to this and there has been no epidemic."

Certainly I do not think we want to wait until we have one or the other, but I do recall in the course of the past several weeks there was some concern that we might have because of the importation here.

I will conclude by saying when I read this article I was very personally interested in this because in 1938 when I went to college, being an eastern North Carolina boy, I got up in a western North Carolina college and apparently they did not know what malaria was up there. I almost died before they called my personal physician, and he told them this was nothing but malaria, "Give him quinine."

We have gone a long way since that time. I certainly hope we are not opening up any chance of returning GI's bringing some of the horrible diseases that come back from Southeast Asia, for example.

I hope, if you need more personnel in this area, that we would be the ones to see it; but, we would like for you to make a real review into this area. It could be one that could haunt us all one day.

Secretary GARDNER. Mr. Chairman, your request is very well justified and we will get you a full response to it. It caught us at just a moment when we were reexamining the whole foreign quarantine question anyway.

Mr. HENDERSON. I hope you are.

When it came to my attention, we had a large number of our military at the port of entry.

Mr. GROSS. I was concerned as to the wisdom of detailing able-bodied military men to perform this function. This is, of course, an interest of this subcommittee in trying to keep the military in military slots.

Mr. HENDERSON. Mr. Bray, our staff director.

Mr. BRAY. It was quite interesting to us to find, for example, at McGuire Air Force Base the Immigration and Naturalization Service has five people; the Department of Agriculture, five; Customs Service,

eight; yet for this very important medical function the Federal Government is using a staff sergeant, three airmen first class, and an airman second class. The full committee has correspondence from the Assistant Secretary of Defense for Manpower, Secretary Tom Morris, in which he makes the statement the Air Force would be pleased to have full-time U.S. Public Health Service inspectors assigned at McGuire and Travis Air Force Bases. Air Force officials would be happy because they need military manpower spaces.

Mr. HENDERSON. I might say this, Mr. Secretary, If the Surgeon General report comes up that this is the way it is going to be done in the future, it would be my intention, if the subcommittee members concur, to look into just how qualified are these military personnel, what type of training are they getting, and is that training otherwise related to their military service.

I hope that you will take a look at it personally when it comes back to your office.

Secretary GARDNER. Yes, sir.

Mr. HENDERSON. Mr. Gross.

Mr. GROSS. Mr. Secretary, on page 2 of your statement you indicate that the salaries of college and university professors have risen rapidly. To what extent do you think the Federal Government subsidization of these institutions contributes to these higher salaries?

Secretary GARDNER. I think in selected areas this is certainly a factor. But salaries have risen across the board, the whole range of university salaries has gone up even in fields that are not in any way subsidized—humanities and social sciences.

Mr. GROSS. Do you think there is a disparity in salaries now paid college professors and the salaries you are able to pay in your Department?

Secretary GARDNER. We constantly run into situations in which we are not only outbid but very seriously outbid. It is not entirely a matter of base salary, because the college professors in many fields are able to double their salary in outside activities of one sort or another.

In the days when I had water pollution control in our Department, I was looking for someone to head that, and when I mentioned the salary the professor said, well, that is roughly my salary, but I double it in outside consulting work.

Mr. GROSS. All you have to do is look at the foreign aid bill, just take one, which I call the foreign giveaway, to know on the technical service contracts that are funded out of that bill, why this complication to some extent exists. But you would not maintain, would you, that the fringe benefits are not on the side of the Government employees? In other words, the colleges do not provide the retirement system, and other fringe benefits that Federal employees enjoy.

Secretary GARDNER. I think many of them exceed the Federal Government in their fringe benefits.

Mr. GROSS. Many of them do?

Secretary GARDNER. Yes. They have good retirement systems, most of them through the teachers insurance and annuity system. But many of them provide faculty housing under special financial arrangements, and tuition arrangements for the children, and really quite a remarkable array of fringe benefits.

Mr. GROSS. I think if we stop some of this unconscionable subsidizing of universities and colleges in this country for some of the purposes for which they are subsidized, we would see quite a different picture and you would not have the complications. Somewhere along the line this is going to have to end, Mr. Secretary.

Are you dispensing some of these contracts? I assume you are.

Secretary GARDNER. We are dispensing contracts and grants to the universities for purposes which the Nation very much requires. But I want to say something about the finances of the colleges and universities.

The overwhelming bulk of that money is coming right out of the people of the States and State taxes for most of these institutions. The bulk of the growth in higher education has been State higher education. And if you look at the budget of States such as Iowa, California, Michigan, and Wisconsin, you see where those salaries are coming from, very, very large contributions from the States. They are not subsisting on the Federal Government.

Mr. GROSS. What? The universities and colleges?

Secretary GARDNER. Yes.

Mr. GROSS. What do you think the situation is, for instance, at MIT?

Secretary GARDNER. MIT is a very special kind of institution.

Mr. GROSS. I will say it is.

Secretary GARDNER. That is right.

Mr. GROSS. I suppose you could, under certain circumstances, be in competition with MIT for personnel in your Department. About 75 cents out of every dollar of MIT's income is obtained from the Federal Government.

Secretary GARDNER. But not as gifts for something that the Federal Government does not want. Most of that money is given for tasks which MIT is doing because the Federal Government wants it done and cannot get it done anywhere else.

Mr. GROSS. I am well aware of that. I think some of these are the worst kind of extravagances, some of the things that the Federal Government wants done. But that is a broad subject and I am not going into it any further here because there is not the time.

Now, Mr. Secretary, on page 4 of your statement you have indicated very vigorously the varied programs inaugurated such as those dealing with diseases, ignorance, and social disintegration.

It seems to me you have done quite a job of gathering talent to be used in the so-called cause of civil rights. What bothers me is that the report in front of me shows you have three supergrades in your office dealing with civil rights, grades 18, 17, and 16. I am not particularly impressed with your request for additional supergrades when you have to have three in your office dealing with that issue alone.

What would be wrong with one supergrade in your office dealing with civil rights?

Secretary GARDNER. Mr. Gross, it would be very hard to name a foreign or domestic issue that is more fateful for our Nation than the struggle that we are having today with respect to the problem of doing justice to Negro Americans. There is not any more delicate or more difficult task that we face. It is just absolutely at the top

of the list. You cannot do it with anything other than very able people.

You have a law which you people passed and we are required to administer. And the administration presents the utmost difficulties and complexities.

It must be done by good men. There just is no other way around it. These people must deal with all of the Governors in the States involved, they must deal with the State superintendents and they must do it on the best and most intelligent and most orderly possible basis.

Mr. GROSS. You are not suggesting that prestige is a factor; that is, that they have to command a high salary in order to be able to talk to a Governor?

Secretary GARDNER. We have to be able to get good men, men good enough to handle this level of dealing.

Mr. GROSS. I can think of one other issue that transcends this, that transcends almost all others, and that is the inevitable bankruptcy of this country if we continue to go on doing what we are doing.

I note a number of schedule C positions, in other words, political appointments in your office. Does the Civil Service Commission approve the qualifications of these incumbents.

Secretary GARDNER. Yes, they do.

Mr. GROSS. They do. That is all at this time, Mr. Chairman.

Mr. HENDERSON. Mr. Hamilton.

Mr. HAMILTON. Mr. Secretary, are you meeting the competition for talent?

Secretary GARDNER. Do you mean, are we competing successfully?

Mr. HAMILTON. Yes. I take it from your statement that you do not think you are.

Secretary GARDNER. I am absolutely convinced that we are not. As I said earlier, I don't think that is all a question of supergrades and salaries. I think we have to do a much better job of recruiting, a much more aggressive job of recruiting. I think we have to do a better job of career development so that these people—so that we offer a more attractive career to them.

Mr. HAMILTON. Your statement on page 2 is that if you do not do this, and you say you are not doing it, then Government will be mired in mediocrity. Is it your judgment now that the Government, at HEW specifically, is mired in mediocrity?

Secretary GARDNER. No, sir, but I believe there is a real danger. I have watched this process in many institutions. I have watched college departments go downhill as the good men leave and other good men fail to come in.

Mr. HAMILTON. Is it your judgment you are heading in that direction?

Secretary GARDNER. Not at the present moment; no, sir.

Mr. HAMILTON. But it is your judgment that you are not meeting your competition for talent?

Secretary GARDNER. That is correct.

Mr. HAMILTON. How, as an administrator of a great Department, do you view this limitation on supergrades? Is this a major obstacle for you as an administrator in doing efficient and economical work?

Secretary GARDNER. It is a genuine obstacle, sir; it is a genuine obstacle. As I pointed out, the disciplines involved in our allocation

of these supergrades seem to me adequate. The Civil Service Commission exercises very professional scrutiny, and it seems to me that the limitation really is a problem.

Mr. HAMILTON. Is it your judgment that you could do a more efficient and more economical job if you had no limitation on supergrades at all?

Secretary GARDNER. That is our belief; yes, sir. I would be glad to have Mr. Simpson comment further on that.

Mr. SIMPSON. Yes, sir. I think that probably one of the most serious obstacles to efficient and economical administration is that particular point. I think there is a great deal of experience to prove that nothing is more important in achieving effective management and economical management than effective leadership. It is the greatest ingredient of them all. Leadership requires men of great talents, men who are highly marketable. Competition for them among Government agencies and between Government and nongovernment institutions is just terrific.

Mr. HAMILTON. What would be the effect, if the proposed legislation was not passed, on your Department?

Secretary GARDNER. I would rather ask Mr. Simpson to comment on that.

Mr. SIMPSON. Again, it is the same point essentially, sir. If we don't get this legislation it just means that we fall behind, we slow down, we do not do as efficient and as effective a job of managing our programs, of carrying out the responsibilities assigned to the Department by the Congress. We lose our good people to other agencies of Government or back to the universities, as is happening with some of our professional and scientific talent at the present time.

Mr. HAMILTON. Without this legislation, it would be a serious blow to the Department?

Mr. SIMPSON. Yes, sir; it would be most serious.

Secretary GARDNER. It would be serious in very, very specific ways. It is not a generalized need. We have programs passed by Congress, handed to us, which we just have to move ahead with, and if we do not move ahead with them, next year they will come back and say, "Why didn't you push this one?"

Mr. HAMILTON. I note on page 5 of your statement that in your review of supergrades that you occasionally abolish a position of supergrade. How many supergrade positions have you abolished since you have become Secretary?

Secretary GARDNER. I cannot give you that figure. Do you have that, Mr. Simpson?

Mr. SIMPSON. I would like to supply it for the record exactly, but I can recall just offhand that there have been probably 10 or 12 positions that we have abolished and asked the Civil Service Commission to allocate the space thus vacated to the next position on our priority list.

Mr. HAMILTON. I would appreciate it if you would furnish it for the record.

Mr. SIMPSON. We would be glad to furnish that for the record.
(The material referred to is as follows:)

POSITIONS ABOLISHED DURING THE PERIOD, JULY 1, 1966 TO JUNE 30, 1967

GS-17:

Deputy Associate Commissioner for Higher Education, Office of Education (GS-1720-17-CSC-C345).

Assistant to the Secretary (GS-301-17-CSC-131).

Deputy Assistant Secretary, Office of the Secretary (GS-301-17-CSC-542)

GS-16:

Director, Division of Program Planning and Evaluation, Office of Education (GS-1720-16-CSC-71).

Associate Director of Field Coordination, Office of the Secretary (GS-301-16-CSC-1389).

Executive Officer, Bureau of State Services, Public Health Service (GS-341-16-CSC-193).

Assistant Commissioner for Program Legislation and Policy, Food and Drug Administration (GS-695-16-CSC-231).

Assistant to the Assistant Secretary for Education (Manpower Training) Office of the Secretary (GS-301-16-CSC-90).

Deputy Assistant to the Commissioner for Education of the Disadvantaged and Handicapped, Office of Education (GS-301-16-CSC-834).

Assistant Comptroller (Cost Reduction and Manpower Control), Office of the Secretary (GS-301-16-CSC-338).

Assistant Commissioner or Operations, Food and Drug Administration (GS-695-16-CSC-1387).

Special Assistant to the Assistant Secretary for Education (GS-301-16-CSC-90).

Mr. HAMILTON. Now, would it be your anticipation, Mr. Secretary, to get most of the new grades from within Government, from within the Department, perhaps, as you have in the past? I think the figure in the past is 88 percent.

Secretary GARDNER. I imagine it would run in that general area. We have never tried consciously to seek a particular figure, but I feel very, very strongly about career development within the Department. I think we have to make the most of our younger people.

Mr. HAMILTON. You had a very excellent speech, that I have read on several occasions, that you gave prior to becoming Secretary, entitled "The Renewal of Organizations." In that you mention, as I recall, several points to renew organizations but among them was a fluidity of internal structure. Do you think you have that in HEW?

Secretary GARDNER. We are working toward it with greater energy. One of the problems we have found was that although there is great opportunity for movement back and forth between agencies—and our Department, which has eight agencies and innumerable career opportunities—that possibility was very little developed. In the last few months we have set up a series of career development boards in various fields so that young people can have an opportunity anywhere in the Department, if they want to develop further, where we can push them out into lines of work that will develop their talent to the full, so that we can get a lot of movement and growth within the Department.

Mr. HAMILTON. You feel you are making real progress in this area within HEW?

Secretary GARDNER. Yes.

Mr. HAMILTON. Has the Civil Service Commission allotted so many of the quota supergrades, if this bill is passed, to HEW?

Secretary GARDNER. I don't know. Have they?

Mr. SIMPSON. We have not been given a specific figure.

Mr. HAMILTON. You need 97?

Mr. SIMPSON. Yes. We have asked for 97 in the list we have submitted to them.

Mr. HAMILTON. What does Mr. Macy indicate to you that he is willing to allot to you?

Mr. SIMPSON. The rough approximation that I have had so far, and this was not from Mr. Macy but from Seymour Berlin on his staff, was about 25. We are protesting that figure as being altogether too low.

Mr. HAMILTON. So even if this bill is passed and that 25 turns out to be the final figure, you are short 72 supergrade positions?

Mr. SIMPSON. Yes. I might explain further that that shortage, that 126 we talked about, is a reduction from over 200 requests from our eight operating agencies which we cut back in our own review process at the Department level to 126.

Mr. HAMILTON. Thank you.

Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. Secretary, I might say I believe Mr. Macy informed the committee that the request of HEW is 115, there were 55 authorized by the act last year, 60 that were not met, and of that figure if action were taken on this bill that there would be 40 allocated to HEW. That was the testimony before our subcommittee.

Mr. SIMPSON. I did not know. That is encouraging.

Mr. HENDERSON. Your task is not so much with the Civil Service Commission now as it is perhaps with the Congress.

Mr. SIMPSON. I would like to ask you what you think would happen if we took perhaps a suggestion that there not be a limitation on supergrades and the Secretary's concern about \$25,000 limitation, if we took that limitation off, what would happen in HEW?

Mr. SIMPSON. You mean the salary limitation?

Mr. HENDERSON. And we took off also the supergrade limitation.

Let us take the first one, the supergrade limitation. Would you have 200 more supergrades over there?

Mr. SIMPSON. I don't think so at all, sir. I think the Civil Service Commission would continue to give a very tight, careful review to our requests and to those of every other department. I have absolute assurance in my own mind, based on watching them for a great many years in operation, that you would have a continued very tight control over allocation. You would have no great increase in these higher grades immediately. I think what it would provide is an opportunity to move perhaps a little faster than the present limitations allow the agencies of Government to move in meeting their leadership requirements.

Secretary GARDNER. May I add to that, Mr. Chairman.

It wouldn't be possible for the administration to do anything other than maintain a strong and intelligent discipline on this situation, just as I have to maintain a discipline on my eight agencies. I cannot let them go wild. I have to scrutinize everything they ask me. It would just be poor management to do anything else.

Mr. HENDERSON. I think this brings us back into the proper perspective that I thought we were in. It is true that you cannot get them if Congress does not authorize them, but we feel that this discipline within the administration is so important that this subcommittee, certainly last year, led in trying to give to the Civil Service Commission the number that they said they needed upon their as-

surance that they were not going to allocate them out wholesale unless you could come in and justify them through your own process and the process with the Commission. I hope that we are not arriving at the suggestion that Congress just ought to take the limit of supergrades off. I certainly can see your argument, a very valid one, that we ought to do more than we did last year, perhaps, and that you are hopeful that we will be responsive to the request this year.

With regard to the statement that the \$25,000 limitation which the Secretary says is hopelessly inadequate, I wonder if you have conveyed that sentiment to the Pay Subcommittee of our full committee that is really working on this problem at this time and has jurisdiction more than we do.

Secretary GARDNER. I have not.

Mr. HENDERSON. I might suggest if it is a problem that you might want to convey your feelings to that subcommittee.

Mr. Gross?

Mr. GROSS. Thank you.

Mr. Gardner, you made the statement that you would like to see the ceiling taken off of supergrades. What do you think would happen throughout this Government if Congress did not exercise some control over supergrades? What do you think would happen? How many do you think you would ask for right quick in HEW?

Secretary GARDNER. I would have to think about that one, but to answer the first part of your question, I believe that there is in existence a strong system of discipline within the executive branch which is scrutinizing every one of these and filtering the requests. As I said, I cannot do anything else but exercise that discipline with my agencies. I insist that my commissioners exercise it with their bureaus. The President has to insist on that discipline as far as I am concerned.

In other words, I believe there are lots of restraints in the system, and well-functioning restraints. We feel that when we are dealing with the Civil Service Commission we are dealing with a highly responsible, prudent, even stingy organization which is watching every request that we make.

Mr. GROSS. I am of the opinion that it would make a dandy contribution to the inflation that is already chewing us up in this country if you had your way, and we took the supergrade limitation off. Mr. Simpson, you said you were sure that the Civil Service Commission would exercise restraint. You are assuming that the Civil Service Commission would have something to say about it, are you not?

Mr. SIMPSON. Yes, sir; and I think they would. Just take the case with grade 14's and grade 15's.

Mr. GROSS. Well, if we took the limit off it could well be the Civil Service Commission would have no restraint at all, that you would then be in the hands of the Budget Director and only in the hands of the Budget Director by way of the purse strings.

Mr. SIMPSON. No, sir.

Secretary GARDNER. They are stingy, too.

Mr. SIMPSON. Sir, the Civil Service Commission audits very carefully the classification actions of the agencies and actually I think I saw a statistic the other day—I would like to look it up to be sure—that on the grades 13, 14, and 15, of which there are not these numerical limitations, there has been stability in them pro rata to the numbers of total Government employment in the last 3 years.

Mr. HENDERSON. Would you yield?

I wish to tell you of something that happened on the floor yesterday. We had the National Water Commission being created. In the act it created the position of an Executive Director at a level 4. That level paid \$27,000. A level 3 under the Classification Act would pay \$26,000. We were very pleased when we offered an amendment to require or provide that the level be established by the Civil Service Commission that the chairman of the committee accepted that amendment. The problem that we see, Mr. Secretary, is how can the legislative committees decide whether the Executive Director of that Water Commission ought to get \$27,000 or \$26,000 a year. Of course, everybody wants a higher level, a position of prestige. It was our position that this ought to be done by the technicians.

You are very aware that the technicians do this sort of thing and I think you are saying that they do a fairly good job.

Mr. SIMPSON. Yes.

Mr. HENDERSON. They do a good job under the limitation that we all have to live under.

Mr. SIMPSON. Yes.

Mr. HENDERSON. What would happen if they did not have these limitations here and there?

Mr. SIMPSON. Sir, I was merely pointing out that on the grades immediately below the supergrades you do not have these numerical limitations. Yet the technicians have been able to hold down, according to the statistic I saw the other day, the higher positions, the 13's, 14's, 15's in the schedule.

Mr. HENDERSON. Yes, but the inflation was so bad at one time that you had to have an executive freeze.

Mr. SIMPSON. Yes.

Mr. HENDERSON. Which was bad, was it not?

Mr. SIMPSON. Yes, I agree with that. When we passed the Salary Reform Act of 1962, in which the Congress put in the principle that there would be pay comparability for comparable positions in the non-Government sector, from that time on this situation has stabilized, according to the data that I have seen.

Mr. HENDERSON. Mr. Secretary, in a sense, we have moved to sort of a philosophy of how you ought to get your job done. One of the things that I certainly have kicked around a good bit is this business of quotas, all together, particularly in the Defense Department, where we talked about it a great deal. But I would prefer, really, to say to you that you have so many dollars to run your Department, and I am sure that you have good manpower inside, maybe better manpower than you have now, if the one thing we were looking at was the dollar. Certainly, from the historical situation that we are in, nobody expects that to come about. So until it does, we in this subcommittee are trying to improve the system and trying to keep the checks and balances system working as best it can.

We feel that a lot can be done with the processes that we have to go through, appropriations, legislative, oversight committees, that does complicate it some. We ought to have the same objective, to try to give you the tools to do the job. When we see these cases of you creating a GS-18 position and almost automatically out of that comes two GS-17's under the GS-18, four GS-16's, and you go right on down to your GS-14's, and GS-15's. Many of us wonder if we are

not effective by keeping the limitations at the top level; that if we give you what you need under a good sound system, that we do keep this inflation from coming on and certainly it ought not to be as artificial as an Executive order saying "Nobody will be promoted." Mr. Hamilton?

Mr. HAMILTON. There are a few sentences on page 2 of your statement that disturb me. You say that "No one keeps a record of the good men who leave Government because they can enjoy just as challenging, inspiring, and humanity-serving work in a university for better pay. No one keeps a record of the good men who turn down Government jobs because of the pay."

I would think maybe records ought to be kept of that. It seems to me you ought to analyze the reasons for your good men and your top men leaving Government. Do you do that sort of thing or is it literally true that there are no records kept of it and you do not analyze their reasons for leaving.

Secretary GARDNER. The record is kept of turnover but the turnover does not distinguish. Actually, this is something that would be rather hard to put down because sometimes someone leaves with a great deal of fanfare and everyone is glad he left.

Mr. HAMILTON. I recognize that it might not be a subject matter that can be produced in statistics, but when you do have top level people leaving, it seems to me your people ought to think pretty hard about what it was that pulled this man away from you and why you lost him.

Secretary GARDNER. It may be quite possible to do a study of that. I would like to look into it.

Mr. SIMPSON. I might just add, Mr. Hamilton, that in parts of our Department people have made such studies. For example, at the National Institutes of Health, where they have a very difficult problem in salaries at the present time, they did try to construct—and sometimes it is a little difficult to get it out of the people, how much of a salary increase they are leaving for—they did try to construct what happened on 45 separations of people at grades 15 and higher during the past 2 years. They have given me a table on this that has such phrases as "increase in salary," and "substantial increase in salary." They cannot give me the exact figures, but all of the people who left, or nearly all, left for this reason.

Mr. HAMILTON. Pay.

Mr. SIMPSON. Pay.

Mr. GROSS. Mr. Hamilton, are you through?

Mr. HAMILTON. Yes.

Mr. GROSS. You seem to be doing fairly well in the Department of Health, Education, and Welfare now, Mr. Secretary. You have one supergrade for every 208 employees, according to the chart I have before me. You have 100,000 employees, in round figures, and the Department of Agriculture has 105,000 in round figures, and they have one supergrade for every 448 employees. You seem to be doing pretty well now.

Secretary GARDNER. Well, I do not want to get into comparisons between departments and I do not know enough about the Agriculture Department, but I can tell you that within our own agency the need for supergrades varies from one agency to another and it depends so much on the professional character of the job you are

doing, the kinds of skills that the job requires, that in order to comment I would have to know quite a lot about them.

Mr. GROSS. The Army and the Air Force has one supergrade for every 1,000-plus employees, and I suppose they have the same problems that you do in various areas. There are some agencies of government, smaller ones, that are really lush in supergrades. I usually vote against them. But you seem to be doing pretty well now with one supergrade for every 200 employees.

Thank you.

Mr. HENDERSON. Mr. Bray says he has a comment he would like to make on the colloquy that I had.

Mr. BRAY. Yes. I wish to remind Mr. Simpson that we had quite a tight ceiling control on GS-14's and 15's for at least the past 3 years. It has just now been removed on July 1. Undoubtedly, that has had much to do with the "stability" in these two grades.

Mr. SIMPSON. You are quite right. I had in mind the control that was exercised through the position management system that the Budget Bureau and the Civil Service Commission, and that the agencies exercised, in order to maintain those ceilings.

Mr. HENDERSON. In closing, the subcommittee would be very interested if you would like to make any comments at this time or in the near future, if you would like, to communicate with us on what experience you have had with the Civil Service Commission's executive assignment system. We want to be sure that our top secretaries note this and are briefed by the personnel people as to what is going on in this area.

Secretary GARDNER. Yes, sir. I would be glad to get Mr. Simpson to comment, but I would like to say a few words myself.

I am enthusiastic about it. I began talking with John Macy about the problems of Government personnel long before I took my present job. I was with a foundation at the time. We supported studies of career development and Government personnel problems, and I was very much interested in the movement in this direction. I was very pleased to see it happen, and I think that we will try to make maximum use of it. It will help us enormously.

Mr. GROSS. What foundation was that, Mr. Gardner?

Secretary GARDNER. Carnegie.

Mr. GROSS. To what extent, if any, was it subsidized directly or indirectly by the Federal Government?

Secretary GARDNER. Not a penny.

Mr. GROSS. Not a penny?

Secretary GARDNER. No, sir.

Mr. GROSS. Unlike some of the others. No CIA money, or anything like that?

Secretary GARDNER. Not a penny.

Mr. HENDERSON. How much might it be able to help the Government in this tight budget time that we are in?

Secretary GARDNER. Well, it operated on a penny ante basis compared to Government. It was a very modest operation.

Mr. HENDERSON. Thank you very much, Mr. Secretary. You have been an excellent witness. We appreciate your appearance here.

Secretary GARDNER. Thank you.

Mr. HENDERSON. The subcommittee is now adjourned.

(Whereupon, at 11:53 a.m., the subcommittee adjourned.)

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Secretary Gardner: Thank you.

Mr. Henderson: The subcommittee is now adjourned. (Whereupon at 11:53 a.m., the subcommittee adjourned.)

SUPERGRADE REQUIREMENTS

THURSDAY, JULY 27, 1967

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MANPOWER AND CIVIL SERVICE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.**

The subcommittee was convened at 10:15 a.m., in room 2253, Rayburn Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

This morning we are continuing our public hearings relative to the utilization and requirements for supergrades in the Federal Government.

Last week we heard from the Secretary of the Department of Transportation and the Secretary of Health, Education, and Welfare. Today it is our pleasure to have the Under Secretary of the Department of Housing and Urban Development, the Honorable Robert C. Wood, and the Under Secretary of the Treasury, the Honorable Joseph W. Barr.

Mr. Wood is accompanied by the Assistant Secretary for Administration, Mr. Dwight A. Ink, and the Director of Personnel, Mr. Arthur Tackman.

Mr. Wood, we are happy to have you and your assistants this morning, and you may proceed, sir.

STATEMENT OF HON. ROBERT C. WOOD, UNDER SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. WOOD. Thank you, Mr. Chairman. Let me first express to you and the members of the committee Secretary Weaver's regrets in not being able to appear before you. As your chairman knows, only the unexpected extension of the appropriations hearings in the Senate compelled my last-minute substitution. We place high priority on our personnel needs, but personnel without money to pay salaries soon fade away. Accordingly, the Secretary is speaking of our need for money while I speak of our requirements for jobs.

Mr. HENDERSON. Mr. Wood, might I break in right there and say that some members of the subcommittee here have thought that perhaps it would be well if you forgot all of these restrictions with regard to jobs and put more restrictions on the money side of the agency. But you may not want to comment on that.

Mr. WOOD. Well, I would say probably it is an open question, Mr. Chairman.

Mr. HENDERSON. We have thought that perhaps it might be a good technique to let you folks run your job within the budget limi-

tations; but, of course, until we see a little better budget management I doubt that there are many of us that would want to go that far in the possibility.

Go right ahead.

Mr. Wood. It is very timely to have an opportunity to present to you firsthand some of the serious staffing problems we face in organizing the new Department of Housing and Urban Development. The help and understanding of this committee is essential to us in our task of filling our leadership posts within HUD.

Let me begin by emphasizing the gravity of the problems the Department confronts these days. The cities' crisis involves us all now. While our national prosperity grows steadily, 5 million urban families still live in slum housing. Overcrowded schools and inadequate medical facilities confront almost every community. In a period of general affluence, widespread unemployment for minority groups leads to bitter frustration and resentment. Polluted air chokes our cities. Many of our poor are unable to pay for the removal of garbage. Traffic clogs our city streets, and urban sprawl in new suburban areas lays the seeds for early blight. The tragic human cost of crime in our cities concerns us deeply. The problems of the ghetto will continue to mount until the underlying causes are dealt with on a broad front.

The new Department was created 18 months ago in recognition of these problems. The Congress and the President acknowledged that they could no longer be dealt with on a fragmented basis. In your view and in his, there had to be a focal point for the Federal response to State and local needs. Under the Departmental Act of 1965, HUD was mandated to "exercise leadership at the direction of the President in coordinating Federal activities affecting housing and urban development."

In 1966 the Congress enacted model cities legislation, a landmark in domestic legislation. Under this program administered by HUD, the President draws upon the resources throughout the Federal Government to respond to critical urban problems. Not only the programs of HUD, but those of HEW, OEO, Labor, and other departments are drawn together to give maximum impact to solving the problem of a ghetto or area of blight. In the same way, our metropolitan development activities work to solve the problems of suburbs and entire metropolitan areas.

These and other activities of the Department are primarily inter-departmental in nature, requiring new procedures, the cutting of redtape, and the closest working relationship with State and local officials. We search also for ways in which to draw upon the skills of industry and universities. We hope as well to work out ways in which more private funds can be drawn into the task of rehabilitating sub-standard housing.

In carrying out these programs, we try to combine social and economic planning. We want the concerns of people to be joined together with bricks and mortar to react together to provide peaceful and productive communities.

In the same way, the rent supplement program is designed to help the underprivileged, for whom decent housing and decent neighborhoods are an important necessity if they are to perform their role as responsible citizens in an urban society. And these are only a few of more than 60 programs of the Department. Urban mass transportation,

renewal assistance, housing assistance all are within our boundaries. They involve at least 6,000 cities which range from small towns of several hundred to the Nation's largest cities.

To carry out these programs we have in 18 months brought together five major agencies into one Department steadily more cohesive in character. In building the new Department, we have greatly strengthened our field offices so that we are now beginning to move our decisionmaking closer to the cities and their problems.

These new programs, these new approaches required by the turbulent character of today's cities, and the position of leadership given us by Congress and the President have personnel consequences. They lead us to an urgent need for positions of leadership in the new Department equal to these responsibilities. For these positions, we need the best men and women in the Nation. Unless we now strengthen and build up our key positions, recruit the best manpower the Nation has to offer, all the plans, all the promises of the Congress falter. We run the risk of creating great expectations and delivering mediocre performance because of poor personnel.

In this pursuit of the very best, we run a race of stiff competition. Skilled manpower is needed in municipal government. More and more universities are tapping their market. Financial, legal, realty, and consulting firms of various kinds are drawing far more heavily upon this area of competence than was true even 5 years ago. All of them pay well for the talent they employ. Indeed, they pay far more than the Federal Government can.

Quite frankly, many of our top employees come to us with misgivings as to the financial reward. They join us because they had a lively interest in our programs, and because they want to share the excitement of launching a new department. By the same token, many positions go unfilled for months because we cannot pay the salary of the best qualified candidates for our positions. One key position remained open for more than a year while we reviewed applicant after applicant. Salary was the major stumbling block.

Let me point out as well that the number of filled positions at the top level can be misleading. The statistics, like the portion of the iceberg hidden below the surface, do not tell the whole story. They do not, for example, reflect the number of cases where the more gifted applicant passes up the job to take another position at a higher salary. Nor do they reflect the lower quality of work produced by the No. 2, 3, and 4 choice.

If we are to run our urban programs successfully and build a genuinely new department, it is essential that we have additional supergrade positions to attract at least some of the gifted people we need.

So far as the proposed legislation is concerned, I understand that the Civil Service Commission is considering in its usual careful fashion the allotment of about 30 positions to HUD. This is an absolute minimum to meet our requirements. We asked each of our Assistant Secretaries and other top officials to make a painstaking evaluation of their program and staffing needs, and to recommend only those additional supergrades they consider essential for carrying out our heavier responsibilities. Each supergrade is reviewed and approved personally by Secretary Weaver before the position can be recommended to the Civil Service Commission for final approval.

Considerable effort has been devoted to establishing an effective system for filling all high level positions in the Department. We are preparing to issue a new merit staffing system applicable to the entire Department, establishing departmentwide competition for all positions GS-14 and above. A qualified employee in any of the Department's programs in any part of the country will be considered for an opening, along with candidates from outside the Department, both from other Government agencies and the private sector.

I am glad to make a copy of this policy issuance available to this committee. It will be implemented by a carefully worked out procedure to insure fair consideration for every qualified candidate, and the systematic selection of the best-qualified candidates for all vacancies.

Also available to the committee is our response to the questions asked by Chairman Henderson. And I am including as an attachment a summary of significant positions now allocated to the Department.

I would be glad, Mr. Chairman, to answer any questions you might have.

Mr. HENDERSON. Thank you, Mr. Secretary. How many supergrade positions do you have?

Mr. WOOD. We have 118, Mr. Chairman, allocated to us at the present time, of which four are in the nonquota, in the scientific category.

Mr. HENDERSON. Could you break those down between sixteens, seventeens, and eighteens?

Mr. TACKMAN. Nine are GS-18, 35 are GS-17, 74 are GS-16.

Mr. HENDERSON. What is your total employment at the present time in the Department?

Mr. WOOD. Approximately 15,000.

Mr. TACKMAN. 14,250 permanent.

Mr. HENDERSON. Out of your present supergrades how many of them are schedule C or political appointments?

Mr. WOOD. My estimate would be 30 at the top.

Mr. TACKMAN. Thirty at the top.

Mr. HENDERSON. Thirty. Mr. Secretary, would you like to speak in more detail with regards to impact on the Department if Congress did not see fit to grant any of the supergrades that are requested at the present time?

Mr. WOOD. I think I could identify three types of impact, Mr. Chairman. The first would be in programs which are just beginning to become operational; at a time in which the organization and the managing directorates are getting underway, not being able to provide additional supergrades, I think, would have a serious impact.

I want to speak of the model cities program in particular at this point. This is a program that has started from scratch at the same time our total reorganization was going on, and which has begun to get momentum. The direction and leadership at the top level is critical.

Second, I would say that if additional supergrades are not granted the possibility of extending our field development would be severely impaired. We committed ourselves to decentralization on February 24, 1966. We announced an organization plan for the development of strong regional offices and in which we hope to go further than any other department within the Federal Government.

We also need a number of posts both here in Washington and our regional support operation in the field. I think one of Mr. Tackman's exhibits indicates our search difficulties in the present allocation in this area.

Finally, in the Secretary's conviction and mine, we need to strengthen our evaluative and research components. We have asked, and the House Appropriations Committee and the House have approved, a substantial increase in our research and development budget for the first time. The increase is not substantial in terms of the total Federal budget for research and development, but it is in terms of our past history. We need badly to get this activity underway; if we are going to get people who are qualified—people who are trained. It requires major attention.

Mr. Ink may want to comment on curtailment of supergrades directly from the point of view of management, but these are the three areas I am most concerned with.

Mr. HENDERSON. Last year you received 31 supergrades as a result of our congressional action. Would you tell us where they were used in your organization?

Mr. WOOD. Broadly we distributed them in three ways also. We undertook to undergird the position of our assistant secretaries, Mr. Chairman. We embarked on a different characterization of the jobs of our assistant secretaries than has been typical in the Federal Government. We combined in the assistant secretary job description both the more usual responsibility for policy analysis which has characterized such jobs in other agencies, and program responsibility. Our feeling was that no one can really develop policy oversight unless he has a feel for actual operations.

We feel this required, at the supergrade level, the immediate bolstering of and support for seasoned Federal and managerial people to assist the assistant secretaries to a degree that might not otherwise be required. That is where our first allotment went.

Our second major allotment went to upgrading of the Federal structure with the directors.

Our third major input was an assignment of supergrades for new positions that were mandated in the legislation last year.

Mr. HENDERSON. You mentioned in your statement, Mr. Secretary, that consulting firms of various kinds are drawing far more heavily upon this area than was true 5 years ago. Who is employing those consultant firms?

Mr. WOOD. Generally the large ones, such as Stanford Research Institute, and Arthur D. Little, are being employed by State and local governments, in the field of regional development, Mr. Henderson. Increasingly, some Federal agencies using consulting firms is a major development; and of these I would think probably the National Aeronautics and Space Administration would have a heavy commitment.

A major new development has been the trend for industrial firms to move increasingly into the urban development field. You find for example, the creation of a set of associations of consulting firms with Westinghouse, G.E., Litton Industries. This kind of complex is beginning to develop.

Mr. HENDERSON. Is the Department of Housing and Urban Development using consultant firms at this time?

Mr. WOOD. We are using a very limited number.

Essentially, our philosophy has been twofold. First, we are working through the States and localities in technical assistance and leaving the programing decisions with them. Secondly, we just simply haven't had enough funds in research and development really to generate very much interest for these firms.

Mr. HENDERSON. Do you see any great need to use the consulting firms in the departmental level?

Mr. WOOD. Well, as time goes on—perhaps—for this reason, Mr. Chairman. The Municipal Manpower Commission reported in 1962 that there was an acute shortage of administrative, professional, and technical personnel in departmental management business and in State and local governments. This shortage is increasing, because by 1972 nearly one-third of all municipal executives will retire. But by 1980, the Commission reported, local governments will probably have to recruit as many as 300,000 administrative, professional, and technical people.

The increased number of State universities or regular training programs for municipal executives in the intervening period has not erased that gap.

The consulting firm at the present time represents a kind of floating pool of qualified personnel that sometimes can be used for specific skills. It is in this situation that their command over salaries has been strong.

But since I entered this field in 1949, when these firms were nonexistent, I have seen increasingly able people go into this area where they serve flexibly either government or private enterprise. I don't condone it, but I say we are probably going to have to live with this arrangement until we complete the transition.

Mr. HENDERSON. What I am trying to get more specific information on is this, why do you see the need for the Department to be using these outside consulting firms?

Mr. WOOD. Well, partly because no matter how attractive we make the Department as a place to work, no matter how successful we may be in securing top-level supergrade positions, we will not, at the present time, compete effectively for the very best talent because of the salaries and probably working conditions they can command elsewhere.

I can recall the time, Mr. Chairman, when the Federal Government for a person of similar qualifications and age, paid salaries at least a third higher than the most outstanding universities in this country. That is no longer true. Most of my colleagues in urban affairs in almost any of the first-rate American universities are now being paid salaries equivalent to ours.

Mr. HENDERSON. What are these people doing in the universities to justify the high salaries that they are getting?

Mr. WOOD. They are addressing themselves to the problems of urban development at a time when the interest and demand for these skills and solutions is very high.

Mr. HENDERSON. Are they in the teaching area?

Mr. WOOD. They are both teaching and doing research, Mr. Chairman.

Mr. HENDERSON. Who are they doing the research for, the States and cities or the Federal Government?

Mr. WOOD. Actually all three but mostly in State and local government, a little for the Federal Government, and increasingly for industrial private sector research.

Mr. HENDERSON. You mean to say that the university staff are working in the private sector?

Mr. WOOD. Oh, yes, sir. They are consultants to major development firms.

Mr. HENDERSON. But on the university payrolls?

Mr. WOOD. Yes, in terms of the way the traditional university now defines and determines its payroll.

For example, Mr. Chairman, the customary arrangement in most universities in the assignment of a teaching load—for example, in your own State, Chapel Hill—is to explicitly authorize an amount of time for a senior professor to devote to his private business affairs. This usually can range from 1 day a week to several days a month. After the time is authorized the professor makes his judgment.

Mr. HENDERSON. Well, you have testified they are not producing the talent that we need in the Government, and apparently they are not producing it for industry if industry has to continue to buy the time of the teaching profession. Wouldn't we really meet the problem better if we concentrated on the academic side of training enough people to fill these jobs?

Mr. WOOD. We should move in that direction, Mr. Chairman. But what you face now is a demand that comes from a very long, pent-up situation of nonconcern and a supply situation that has its roots in the depression.

Most of the people who are now in senior management positions in professional State and local government administration entered that service in the depression. This is particularly true of the engineering and managerial side where they found satisfaction and security during the depression years.

At the same time, the attention of this country in training young people moved away from municipal and State government, from urban government to international and national concerns during the forties and fifties. It was not, in those years, particularly attractive for able young people to enter the State and local service.

We face now in the sixties a time in which the senior administrators of the depression years are now retiring and dying. It is that gap that we are wrestling with. It is because of that gap that the Department is going to have to bear some heavy pressure on its present capabilities.

Mr. HENDERSON. One further question that I have, do you feel that restricted personnel ceilings have caused your Department to contract for any services?

Mr. WOOD. We are not contracting for services in any way to circumvent legislative secretarial or Presidential administrative orders. My personal view, and that of the Secretary on this, is that we contract for services only when it is not possible to obtain what we need within the Department. At the present time this has been minimal, if not nonexistent. We have used consultants on a temporary basis such as our effort, Mr. Chairman, to bring together the engineering and science communities in Woods Hole, Mass., last year for 3 weeks to stake out a program of particular concern. But we do not anticipate long-term relationships.

Mr. HENDERSON. In conclusion, Mr. Secretary, you may not want to comment on this, but it is my personal observation, since you mentioned the State of North Carolina and the university, that our academic facilities in North Carolina have not done an adequate job of providing trained people to State and municipal government in North Carolina. In turn, the Institute of Government at Chapel Hill has done a magnificent job of taking people who were employed by municipal government or State government and then giving them training that they obviously didn't have when they didn't have qualifications for all the jobs. And a specific area, for example, that had a lot of attention is in sewage disposal plant operations. This is not of the highest skill or technical level, and I would not expect in that area for a university to feed in trained personnel. But it certainly has been of great interest to me that the university has seen the need for providing that type of schooling to people who were first employed by local government.

So that I think it is of interest, and should be to your Department, if we are not supplying the necessary trained and educated people in the Government, to give some thought to encouraging the education and training of the people that are hired by the Government when they are trying to make out with the best that they can get.

Mr. WOOD. Well, Mr. Chairman, please let the record show that Mr. Coates and his Institute of Local Government at Chapel Hill was one of the forerunners in this country for exactly the effort you describe. It has been followed by the Center of Urban Studies at Chapel Hill, which is now one of the best in the country. This sort of commitment by your university represents the best in the tradition of educational institutions trying to help the State and local government.

My point is that as this interest accelerates and as we continue implementing our philosophy of building an in-house capability it creates a tight market.

Mr. HENDERSON. It would be of interest I expect more to Mr. Gross and Mr. Hamilton right now, and perhaps others, but Albert Coates was my criminal law professor, and he was a criminal law professor before he had this great interest in municipal and State government training. Mr. Gross, if the criminal law philosophy of Albert Coates, who has been so distinguished in training of governmental personnel in the State of North Carolina, could be not only taught, but practiced over this Nation many of the problems of the urban area would not be in existence today. And, I have to confess that Albert Coates just brainwashed me with regard to a lot of the social ideas that we have got for solving crime.

With that, I yield to Mr. Gross.

Mr. GROSS. Thank you, Mr. Chairman.

Mr. WOOD, you spoke of your experience in government. How long have you been in government?

Mr. WOOD. I have held this present assignment as Under Secretary, Mr. Gross, since January of 1966. From 1951 to 1954 I served in the Budget Bureau of the U.S. Government in the Management Branch. I have also been assistant State auditor of the State of Florida and associate director of the Florida Reference Bureau from 1949 to 1951.

Mr. GROSS. But you have been in the Federal Government since 1966?

Mr. WOOD. Yes, sir. I am a retread bureaucrat.

Mr. GROSS. I don't want to get into extraneous discussion here, but in your statement you refer to national prosperity as growing steadily. Would you also admit that the national debt is growing steadily?

Mr. WOOD. In absolute terms, sir; not relatively in per capita terms.

Mr. GROSS. Well, what is the difference? You have a debt ceiling of \$365 billion. We now have some \$330 billion of debt. It doesn't make much difference how thick or thin you slice it, it is going up all the time, isn't it, despite the fact, as you say—and I don't agree—that the national prosperity is increasing on a solid basis. I don't want to prolong this discussion but how do you relate the two?

Mr. WOOD. Although Secretary Barr can be more precise on the figures, I relate the two as follows. The national debt, in absolute terms, has increased by the amounts you have identified. However, the gross national product and the national income have increased at a more rapid rate. Making a distinction between private and public debt, a true realization of what the debt burden is on the public, is measured by both what each citizen bears, and what percent of his income this represents. By this measure the total national budget of the United States has decreased materially since the mid-1950's. It is 7 percent below the amount Senator Taft regarded as the maximum public debt. I just believe that one cannot really estimate our fiscal situation by dealing with essentially absolute terms.

I do not feel that spending per se—unless it can be demonstrated to be effective spending—is an answer to anything. I do believe, however, fiscally this country is solvent.

Mr. GROSS. Is what?

Mr. WOOD. Is solvent.

Mr. GROSS. Is solvent?

Mr. WOOD. Solvent and stable.

Mr. GROSS. And stable?

Mr. WOOD. Yes, sir.

Mr. GROSS. Well, as I said, I won't prolong this, but I couldn't disagree with you more, and I was afraid you would introduce this fallacious gross national product yardstick of measuring the country's prosperity. It is just as fallible as it can be.

You have also in your statement referred to many of the so-called poor who are unable to pay for the removal of garbage. You don't expect supergrades to be handling garbage or—

Mr. WOOD. No, sir. I do think the programs by which we try to respond to urban conditions are complex and represent some of the most complicated management tasks that lie before this country.

Mr. GROSS. Then, this was just a little filler in your statement, it had no reference to supergrades? It had no real reference to supergrades?

Mr. WOOD. It was only to mention the problem we face.

Mr. GROSS. This was getting a little of your philosophy, attitude, or approach in your statement.

Now if you get these 30 supergrades you will then have one for about every 94 to 100 employees, approximately, is that correct?

Mr. WOOD. Approximately a hundred, Mr. Gross.

Mr. GROSS. Have you looked over the figures of the supergrades in other departments and agencies of government?

Mr. Wood. I have, sir.

Mr. GROSS. You realize that this would put you on a pretty fat basis, don't you, with respect to supergrades?

Mr. Wood. It puts us in an apparently favorable position, Mr. Gross.

I would make two observations. First, we are a small agency compared to HEW or DOT. We have, as Mr. Tackman indicated, some 14,000 employees. We do not have the size ratio advantages that some of the other departments do.

Second, our work is proportionally more professional than standardized routine. Most of the activity of our professional personnel involves negotiations, consultations with State and local government, dealing with specialized and complicated situations. It is, therefore, the kind of work which is not susceptible to routine management.

These are the two characteristics that set us apart. On an arithmetical basis we seem to be in a favorable position.

Mr. GROSS. You would be in a highly favorable position by comparison with most other agencies and departments of Government. I won't go into these figures, because you, I am sure, are well aware of them. But 1 to 94, or less than 100, would be pretty rich for your organization, it seems to me.

With respect to one or two of your employees, present employees, you have a regional administrator at a supergrade, a GS-18, Mr. Gribetz, and I understand that he has been, or perhaps still is, the chief executive officer of the Schacht Steel Construction, Inc., of Hillside, N.J. Is this right?

Mr. Wood. No, sir. That was a temporary excursion into the private sector for Mr. Gribetz. Primarily his career has been in municipal government and it was his distinguished career in the field of code enforcement in New York City that drew our attention to him.

I can supply for the record his total background if you so desire. but it was his outstanding development work in municipal administration that was most attractive to us.

Mr. GROSS. He is no longer with you, is that correct?

Mr. Wood. No, he is with us, sir. He is Regional Administrator of the New York Region 1.

Mr. GROSS. Well, he is not doing badly from the standpoint of salary, is he, in comparison to salaries he received in other jobs in New York City?

Mr. Wood. No. But he is not making any basic advance in salary.

Do you have the information?

Mr. TACKMAN. No. I'm sorry.

Mr. GROSS. If this record is correct, he was getting \$25,000 a year as commissioner of buildings, he was getting \$17,500 as deputy commissioner of the division of housing of New York City, and in 1961 he was getting \$10,000 as a legal consultant in New York City.

Mr. Wood. Well, he makes less than \$26,000 from us.

Mr. GROSS. You had no difficulty in recruiting him, did you?

Mr. Wood. We worked hard persuading Mr. Gribetz, sir; on the salary basis here we were successful.

Mr. GROSS. You have a man by the name of Mr. Sidney Specter.

Mr. Wood. Mr. Specter is no longer congressional liaison officer.

Mr. GROSS. What is his present job?

Mr. Wood. He has resigned from the Federal service.

Mr. GROSS. He has resigned from the Federal Government?

Mr. WOOD. He returned to private enterprise in the city of Cleveland at a salary which was one of the persuading elements in his decision.

Mr. GROSS. And he drew a salary from the Federal Government of \$25,890, which is a grade 18, is it not?

Mr. WOOD. That is correct, sir.

Mr. GROSS. And prior to that he was national coordinator for the "Senior Citizens for Johnson and Humphrey," is that correct?

Mr. WOOD. I do not know that.

Mr. INK. He had one post, sir, in the Department prior to the congressional job, handling the elderly work in the Department.

Mr. WOOD. Prior to that he served on the staff of a Senate committee, and prior to that the Council of State Governments, his major professional employment. I do not know of his activity in this—

Mr. GROSS. Now my attention has been directed to the fact that one of your assistant secretaries, Mr. Don Hummel of Tucson, Ariz., is a principal stockholder in several concessions in the national parks, for example, Glacier and McKinley. Is there an opportunity here for a conflict of interest by this concessionaire?

Mr. WOOD. When we first explored—or to be more precise—recruited the services of Don Hummel, the former mayor of Tucson, he indicated that a consideration which might complicate matters was his concessions with the Department of the Interior for the national parks. We explored this fully with Chairman Macy and the Justice Department. We arrived at an agreement where Mr. Hummel does not undertake activities that are in any way in conflict with the performance of his present duty.

Mr. INK. you followed that series of discussions.

Mr. INK. I would only add that the area for which he has responsibility, sir, is that of dealing with the problems of the central city, and therefore his work really doesn't carry him into things that are related to national parks.

Mr. GROSS. Well, isn't he the head of corporations serving Government concessions?

Mr. WOOD. In the parks.

Mr. GROSS. Yes.

Mr. WOOD. In general, Mr. GROSS, none of our Assistant Secretaries nor the President of the Federal National Mortgage Association, volunteered for these jobs. All of them were sought after. All of them have complicated financial situations because all of them came to the Federal service at considerable financial sacrifice—except that Mr. Ink says he made no financial sacrifice. He came from the Atomic Energy Commission. But Mr. Taylor, Mr. Hummel, Mr. Lapin—all had greater incomes in their private capacities. All three had, therefore, to make complicated arrangements.

Mr. GROSS. How about Mr. Wayne Phillips, a GS-17 who came to you from the Democrat National Committee?

Mr. WOOD. Mr. Phillips came to us—

Mr. GROSS. Did he make a sacrifice, too?

Mr. WOOD. I would say Mr. Phillips had a comparable income. That is a different kind of a job, Mr. GROSS. Prior to that he was with the New York Times. I don't think that this was a position in which salary level was a detriment.

Mr. GROSS. Are all these cleared with the Civil Service Commission? Obviously they are not schedule C's.

Mr. WOOD. Well, an Assistant Secretary is a Presidential appointment, Mr. Gross.

Mr. GROSS. I shouldn't have said all, but certainly Mr. Phillips and the other two.

Mr. WOOD. Mr. Gaibetz was appointed to a position in the competitive service under rule III, as I recall; and all were cleared with the Commission; yes, sir.

Mr. GROSS. You say in your statement, Mr. Wood, that HUD combined in the last 18 months five agencies of Government, is this correct?

Mr. WOOD. We combined the semi-autonomous HHFA agencies, Mr. Gross.

Mr. GROSS. And this resulted in no diminution of personnel, or did it?

Mr. WOOD. Not overall, no, sir. Mr. Ink probably has the figures.

Mr. INK. I might add that we have, however, stayed, in fact, under what had been planned for the old HHFA. You are right, it did not result in a cutdown in the total number of employees. However, the number that had been authorized by Congress is a level higher than what we have come up to under the new Department. So I would characterize it as saying it did not enable us to cut back, it did enable us to go forward with a smaller increase than had been planned under the HHFA.

Mr. WOOD. At the same time new programs were being added.

Mr. GROSS. Well, as with the establishment of the Defense Department, as with the establishment of the Department of Transportation, as with the establishment and consolidation of the other agencies and departments, we always get the pitch on the House floor that it is going to result in economy and efficiency and reduction of personnel. But it never works out that way, Mr. Wood, and apparently in your case it didn't work out that way. They just get bigger and bigger and more layers of fat are placed on top of the other.

Mr. WOOD. Mr. Gross, I can only reply to that, sir, by saying you are right in terms of economy. I do not believe you are right in terms of efficiency, nor do I believe it is correct to say the Department is less productive in terms of the work it is undertaking.

It is true again in absolute terms that our Department and the Federal Establishment over the years have grown in absolute numbers, but not as rapidly as the population of this country, not as rapidly as State and local governments, not as rapidly as the employment of industry.

Mr. GROSS. I hoped, too, that consolidation would serve to provide a place where a Member of Congress could go, some central location where a Member of Congress could go to get information. No Member of Congress can begin to keep up with the proliferation that has taken place under these so-called consolidations. It just hasn't worked out, and apparently is not going to.

One final request, Mr. Chairman. I know we are running late and Mr. Hamilton has had no opportunity to ask questions. I would like to have for the record, and with your permission, a breakout of the research contracts, the management consultant contracts that you presently have, and any that you propose to enter into that you can

think of. I would like that information before we get down to the short rows on this supergrade business.

Mr. Wood. I will be glad to provide that.

(The material requested is as follows:)

THE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., August 10, 1967.

Hon. DAVID N. HENDERSON,
Chairman, Subcommittee on Manpower Utilization,
Post Office and Civil Service Committee,
House of Representatives, Washington, D.C.

DEAR MR. HENDERSON: This is in response to the Subcommittee's request for a breakout of the research and management contracts that the Department has entered into during the past year and those that are presently planned. As you know, the Department has recently undergone large-scale reorganization which has required the greater use of outside assistance than would otherwise be necessary. However, the Department has endeavored to contract only for those services that were not available within the Department and for which the Department would not have a continuing need. A report of those services contracts for management purposes entered into during fiscal year 1967 and planned for fiscal year 1968 is enclosed. As you will note by the enclosed list these are non-personal services contracts.

Our primary contracting effort is program research directed towards such areas as improved housing and better urban mass transportation. Responsibility for this program research has been authorized by various public laws, and we assume is not the type information the subcommittee needed for this report.

We have let one contract thus far this fiscal year in areas of interest to the Subcommittee and this has been included in the list. We have no definite plans at this time for other contracts during fiscal year 1968 similar to those requested for 1967 though a need might later arise. We will of course proceed with a number of program research contracts under authorizations, but again, we assume this is not the area of your request.

The Department is ready to be responsive to any requests of the Subcommittee for additional information.

Sincerely yours,

ROBERT C. WOOD, *Under Secretary.*

Enclosure.

MANAGEMENT CONTRACTS AWARDED DURING FISCAL YEAR 1967

Contract No.	Contractor
H-775-----	Systems Development Corp.
H-785-----	Hammer, Greene, Siler Associates.
H-786-----	A. D. Little, Inc.
H-787-----	Real Estate Research Corp.
H-788-----	Marshall, Kaplan, Gans & Kahn.
H-797-----	General Electric Co.
H-818-----	Wyatt Co.

Contractor: Systems Development Corporation, Falls Church, Virginia.

Contract number: H-775.

Amount: \$105,000.

Type of contract: Cost Reimbursement.

Fund source: Salary and Expenses, Public Law 89-555.

Description:

Furnish technical personnel and materials and develop processes and computer programs to update the following mechanized data base catalogs:

1. Catalog of Requirements.
2. Catalog of Inputs.
3. Catalog of Data Bases.
4. Catalog of Reports.
5. Catalog of Systems and Procedures.
6. Catalog of Regional Outputs.

Develop a library of programs for analytical retrievals from the mechanized data base, to be run by the Government. Refine existing data systems and optimize programs to effect reporting economics and efficiencies through reducing data elements. Review existing issuances and practices within

- 31 HUD concerning the management and control of reports. Further review HUD reporting terms, refine and develop additional data processes and programs to improve the Data Element Dictionary and its indexes.
Completion date: November 31, 1967.
Program/project/activity: Deputy Under Secretary.
-

Contractor: Hammer, Greene, Siler Associates, Washington, D.C.

Contract number: H-785.

Amount: \$33,540.

Type of contract: Fixed Price.

Fund source: Housing Act of 1954, as amended, Section 701(b).

Description: Conduct study and submit report on effectiveness of comprehensive urban planning in communities of under 50,000 population, with recommendations for improvement, including survey of planning effectiveness in communities which have used Section 702 grants in HUD Regions III and V.

Completion date: August 29, 1967.

Program/project/activity: Assistant Secretary for Demonstrations and Intergovernmental Relations.

Contractor: A. D. Little, Incorporated, Cambridge, Massachusetts.

Contract number: H-786.

Amount: \$33,000.

Type of contract: Fixed Price.

Fund source: Section 701(b) of Housing Act of 1954, as amended.

Description: Conduct study and submit report on effectiveness of comprehensive urban planning in communities under 50,000 population, with recommendations for improvement, including survey of planning effectiveness in communities which have used Section 701 grants in HUD Regions I and II.

Completion date: September 12, 1967.

Program/project/activity: Assistant Secretary for Demonstrations and Intergovernmental Relations.

Contractor: Real Estate Research Corp., Chicago, Illinois.

Contract number: H-787.

Amount: \$34,285.

Type of contract: Fixed Price.

Fund source: Section 701(b) of Housing Act of 1954, as amended.

Description: Conduct study and submit a report on effectiveness of comprehensive urban planning in communities under 50,000 population, with recommendations for improvement, including survey of planning effectiveness in communities which have used Section 701 grants in HUD Region IV.

Completion date: August 29, 1967.

Program/project/activity: Assistant Secretary for Demonstrations and Intergovernmental Relations.

Contractor: Marshall, Kaplan, Gans and Kahn, San Francisco, California.

Contract Number: H-788.

Amount: \$33,370.

Type of contract: Fixed Price.

Fund source: Section 701(b) of Housing Act of 1954, as amended.

Description: Conduct study and submit report on effectiveness of comprehensive urban planning in communities under 50,000 population, with recommendations for improvement, including survey of planning effectiveness in communities which have used Section 701 grants in HUD Region VI.

Completion date: August 29, 1967.

Program/project/activity: Assistant Secretary for Demonstration and Intergovernmental Relations.

Contractor: General Electric Company, Santa Barbara, California.

Contract number: H-797.

Amount: \$22,641.

Type of contract: Fixed Price.

Fund source: Salaries and Expenses.

Description: Develop, test, validate, refine and evaluate a sample program planning memorandum and make recommendations concerning planning to be done by Model City Agencies. The program planning memorandum will be tested with a typical Model City Agency to determine its effectiveness. Based upon the results of the test, the contractor shall recommend refinements and improvements to the HUD Outline Guidance to Model City Agencies, and recommend analytical aids which a Model City Agency might use in preparing a program planning memorandum. Develop and recommend criteria for evaluation of program planning memoranda submitted by Model City Agencies, and comparison criteria for evaluation of multiple memoranda.

Completion date: August 14, 1967.

Program/project/activity: Assistant Secretary for Demonstrations and Intergovernmental Relations.

Contractor: Wyatt Company, Washington, D.C.

Contract Number: H-818.

Amount: \$10,000.

Type of contract: Fixed Price.

Fund source: Renewal and Housing Assistance, Salaries and Expenses.

Description: Actuarial and technical insurance services to examine Department requirements governing the establishment of retirement plans by local public agencies; to compare the local agency plans to the requirements; and, to make recommendations respecting the Department requirements and local agency's compliance therewith. The review of local agency plans shall be performed when such plans are submitted by the Department to the contractor.

Completion date: July 1, 1967 through June 30, 1968.

Program/project/activity: Assistant Secretary for Renewal and Housing Assistance.

MANAGEMENT CONTRACTS PROPOSED DURING FISCAL YEAR 1968

Conduct a study and render a report with an adequate factual basis and recommendations for consideration in determining what improvements should be made to achieve the highest degree of efficiency and effectiveness in the existing work processing systems, procedures, and methods employed in a HUD Regional Renewal Assistance Office and whether the utilization of ADP equipment in the proposed improved work processing is justified. (\$20,000)

NOTE.—The above has been contracted to NUS Corporation, CONSULTEC Division. Contract Number H-823 was awarded July 7, 1967. Completion date on or about December 31, 1967.

Mr. HENDERSON. Mr. Hamilton.

Mr. HAMILTON. Mr. Secretary, your statement and some of the documentation that you submitted to the committee indicate that you are having considerable difficulty with recruitment. How are you doing in this competition for talent in a general way?

Mr. WOOD. Well, we had some of the accidents of time and calendar, Mr. Hamilton, in our early development. Just after the Secretary and I were appointed in January of 1966 there followed 4 months during which the Department was under a freeze. After the thaw, therefore, in July of 1966, when we began to move forward, we came under a continuing resolution. At the conclusion of the continuing resolution we operated under a temporary freeze established in the executive branch by the Civil Service Commission. It was not really until November of last year that we began effectively to accelerate at a pace the Secretary and I felt was satisfactory.

Since that time I think we have made progress. I think the progress in terms of people we have been able to get aboard and the diminishing number of outstanding vacancies has put us in a fair position. I would be the last to say, however, that I am satisfied about our ability to recruit for some of the key regional positions.

Mr. HAMILTON. Secretary Gardner was before this committee a few days ago and talked about the real danger of mediocrity coming into the Government because of the inability to recruit the top people. Do you have that same fear?

Mr. WOOD. I share that concern.

Mr. HAMILTON. Do you think this is a major concern of yours as an administrator, this inability to get top talent in Government? Where do you place this on your scale of priorities as an administrator?

Mr. WOOD. I would say first or second, Mr. Hamilton. Either the most important problem is getting the men to do the job, or it is equally as important second, for the effective launching of new programs.

Mr. HAMILTON. Now in your effort to get top people how do you view this supergrade restriction?

Mr. WOOD. You mean in terms of its overall number?

Mr. HAMILTON. Is it a major obstacle to you or is it of not much concern?

Mr. WOOD. It is major when Mr. Tackman and Mr. Ink tell me what I can and cannot do when I have found a particularly able individual, or what I have to say to my Assistant Secretaries of their capabilities to recruit. It is a severe obstacle.

I had not reflected on it previously, but I was taken by the chairman's introductory remarks about the assistance that a general budgetary flexibility could give us if the budget process proved an effective offset.

Mr. HAMILTON. Do you feel there are instances where you have actually lost some good people because of the supergrade restrictions?

Mr. WOOD. Yes, sir.

Mr. HAMILTON. How many?

Mr. WOOD. I can identify two of my personal knowledge. These occurred in the office of Deputy Under Secretary Ross, when we were trying to develop evaluation and research capabilities. I simply could not provide Mr. Ross the two 16's, he required and I almost lost another one in that office.

You probably had difficulty in your data processing staff, Mr. Ink.

Mr. INK. In quite a number of instances we have interviewed a large number of people and simply have not been able to attract our first, second, or sometimes third choice for a position. Not always is the salary the factor, but it is the single most important factor.

Mr. HAMILTON. What kind of salaries are you competing against for these top level people?

Mr. WOOD. Well, if you like, I can outline some comparisons with our colleagues in State and local government. In my home city of Boston, the renewal administrator receives \$35,000 a year, which is equal to that of the Secretary, of course. The same is true in Los Angeles. In New York the director of the housing authority receives \$35,000 a year. These are public positions.

Mr. HAMILTON. Is your primary competition from State and local government?

Mr. WOOD. It is the major source of competition in the planning and renewal field. In FHA and mortgage insurance our competition is with mortgage title insurance companies and the legal professions in general. In our mass transportation and metropolitan development

offices, State boards and corporate planning bodies are our principal competitors.

Mr. HENDERSON. Would you yield before you leave that point?

Mr. HAMILTON. Surely.

Mr. HENDERSON. Mr. Secretary, I want to be sure the record is clear and I am not confused between a problem of offering a salary to the people that you are trying to get, and I believe you touched on an instance in which you lost one of your top administrators because you couldn't give him two supergrades. I would like to—

Mr. WOOD. Oh, yes. I was going to make two points in which I understood that Mr. Hamilton was interested. First, the salary restriction is a continuing one, as evidenced by the comparative figures we have been reciting. Even though our present incumbents may have come from positions of equivalent salaries, this does not take into account those people whom we interviewed and lost because of the salary factor. Second, the restrictions in numbers of supergrades available to particular units or subunits hamper adequate administration.

Mr. HENDERSON. On that point of the restrictions of supergrades is your problem justifying the position level with the Civil Service Commission or justifying the competence of the person for the position, or is it the lack of allocation of the position?

Mr. WOOD. The latter, lack of allocation, and compared to the other agencies, position justification.

Mr. INK. The Civil Service Commission does, and I think rightly, take an extremely close look at each one of these on an individual basis.

Mr. HENDERSON. What I am trying to get at—you might speak to this—is: Would the allocation of your request that is before the subcommittee cure the problem that you had in not having sufficient numbers?

Mr. INK. The allocation which we have discussed with the Civil Service Commission would enable us to do what we feel remains to be done in terms of launching the new programs and moving into the later phases of those that were just launched last year. So that would solve the problem.

We have had excellent cooperation from the Civil Service Commission. They take a hard look at each of these. But I think that is what they are supposed to do.

Mr. HENDERSON. Without prolonging the point, the purpose of inviting you here and trying to explore this with you is to build the record of what your need is and what would happen. That is the reason I asked the question what would happen if you don't get them, because the conclusion on my part, Mr. Secretary, is that we on this subcommittee feel that we have a recognition of the needs, and certainly you come before us and testified—we have seen no action and no interest in the other body. And, with regards to salary I might comment that we haven't seen—at least I haven't seen any of the department heads going before the Compensation Subcommittee where the primary responsibility is.

I would certainly suggest, as I have to the others that have appeared before us, that whatever action this subcommittee or the full committee and the House might take, it is apparent that your problem doesn't end there.

Thank you, Mr. Hamilton. Go right ahead.

Mr. HAMILTON. Certainly.

Mr. Wood, on page 5 of your statement you mention that the Civil Service Commission has allotted 30 supergrades to you, and that is an absolute minimum, you say, for your requirements. How many did you request?

Mr. INK. Sir, let me first say this is what they are considering. They have not, of course, made the allocation.

Mr. HAMILTON. I understand that.

Mr. INK. And we had discussed with them requests from our people that were about twice that.

Mr. TACKMAN. 65.

Mr. INK. And in coming down to the 30 I think that we would agree with the Civil Service Commission that this number is a number which would enable us to move forward with the new programs and also to do the strengthening of the field offices.

Mr. HAMILTON. So you can live with the 30, but you don't like to do that?

Mr. INK. Yes.

Mr. HAMILTON. What kind of distribution are you going to have for these 30 jobs? Where will be their areas of concentration, what are they going to be doing?

Mr. WOOD. My colleagues can go into specifics, but generally we will use them to strengthen the field organization, the development of program evaluation, research and development, and the undergirding of specific program units for general managerial talent.

Mr. INK. Yes; that's right. In the renewal area, for example, we have need for building that. The renewal program is taking on an entirely new context in view of the model cities program and the emphasis on rehabilitation of buildings rather than simply moving out buildings with the bulldozer and starting from scratch and building over again. It is a much broader complex mix of economics and physical planning and development that is required now.

Mr. HAMILTON. A great deal of criticism, Mr. Secretary, is being levied at the Government and Congress in recent days because of our inability to deal with these disturbances in our major cities. How many people in your Department are directly concerned with this, directly analyzing and looking into the causes of these civil disturbances?

Mr. WOOD. Very few in terms of direct action, Mr. Hamilton. The Department of Housing and Urban Development has traditionally had the long development program. It does not carry the responsibilities of immediate social programs or immediate issues of concern such as the present unrest.

What we do have relating to this responsibility is our program unit for intergovernmental relations. This unit tries to maintain sustained relationships with State and local governments and maintain a body of information that allows us to know, for most cities, what their programs are and what their problems may be. It is a coordinating group that tried to reinforce the efforts of the other Federal agencies.

The most promising development in HUD in the last year has been the reports that have been received from the model city applicants of the 193 local governments being considered in this program.

For the first time these reports provided a comprehensive sketch to review of the conditions of some of the worst areas. Some you may have seen, for example, the newspaper column which in Newark's model cities application concise statements, by the city, of the situations generally believed to have brought on the disorder.

Now we hope that we will create by this process a system that will allow us to begin to identify and move in on these problems before they become intractable. We hope that as we go forward in the model city program, other cities will begin to remove the conditions themselves.

Mr. HAMILTON. That's all, Mr. Chairman.

Mr. HENDERSON. Mr. Secretary, we are very appreciative of your appearance this morning, and in view of the time limitation we will excuse you at this time, and thank you very much for coming.

Our next witness is the Under Secretary of the Treasury, Hon. Joseph W. Barr. Mr. Barr is accompanied by A. E. Weatherbee, Assistant Secretary for Administration, and Amos N. Latham, Jr., Director of Personnel.

Secretary Barr, it is a pleasure to welcome you before the subcommittee, and you may proceed, sir, in any way that you think is best.

STATEMENT OF HON. JOSEPH W. BARR, UNDER SECRETARY OF THE TREASURY

Mr. BARR. Thank you very much, Mr. Chairman.

We in the Treasury are keenly aware of your continuing efforts to foster better manpower utilization throughout the Federal Government. Your helpful semiannual report contains many useful ideas and examples of successful improvement projects. We distribute it widely to key supervisors throughout the Department; total of about 730 copies that we mailed around this past year. I want you to know that we appreciate what this subcommittee has done in calling attention to areas where improvement can be made and also in giving appropriate recognition to those who are making effective use of human resources.

As you know, we are quite proud of our accomplishments in Treasury and we think that we have made significant progress in using our people more productively in the past few years. We are aware that we have not attained the ideal utilization everywhere, and we work daily toward this difficult goal. Top caliber managers are essential, of course, so it is with special interest I come here today to urge favorable consideration of legislation to increase the number of supergrade positions available to the departments and agencies.

Mr. HENDERSON. Mr. Secretary, right at that point I would like to comment. I don't do so at this point just because you complimented the subcommittee, but I think it would be helpful to the subcommittee members, at least the newer ones, to point out that the cooperation we have had from Treasury, your top personnel people over the years in the general area of manpower utilization, has been of the finest in the Federal Government. We are very appreciative of it.

Mr. BARR. Thank you very much, Mr. Chairman.

The Treasury faces a continuing and mounting challenge in the evergrowing size of its task resulting from the growth of the economy.

At the same time, the rapid advance of technology, particularly in the data processing field, provides new opportunities and challenges. It is clear that ways of doing business are being profoundly transformed by the computer and that over the next decade or so the operations of our financial system may be radically different from today. The Treasury has to be on top of these developments.

However, it is not only the physical aspects of the job—the number of taxpayers and the changing technology—that the Treasury must cope with, but it must ever keep in the forefront the human aspects of its job.

The Treasury, unlike any other Department, touches every citizen where he is most sensitive—in his pocketbook—whether it be tax collections, border examinations, tax policy, debt policy, international finance, issuance of checks, coinage, protection against counterfeiting, and the like. The Treasury's "clientele" is vast—the overwhelming majority of American families, the corporations, the farmers, the financial institutions, the importers and exporters, laborers, and the like. Not only must Treasury's administration of its legal responsibilities be certain, efficient, and effective, it must be prudent and it must be equitable.

The human and physical aspects of the growing Treasury task require that the Treasury continue to hire the best management talent, experts in new techniques and analysts of trends, so as to carry out its current responsibilities and be prepared to handle their expanding volume in the future. It is this quiet drama of meeting its challenges and of seeking to insure its continued capacity to deal with them that is the Treasury story.

A few examples will make clear the growing dimensions of the Treasury task. The Internal Revenue Service will illustrate one aspect. The Internal Revenue Service is the largest bureau of the Treasury, accounting for about two-thirds of its budget and personnel. In the last 5 years, the IRS collection of revenue from individual and corporation income, social security, excise and other taxes, increased from \$99 billion in fiscal year 1962 to \$148 billion in fiscal year 1967, an increase of almost 50 percent. It was able to collect this revenue at the extremely low cost of less than one-half cent per dollar collected.

I might add, Mr. Chairman, that this is a record that is matched, to my knowledge, by no State or municipal government, and no other nation in the world.

To collect these revenues required the processing of 96 million tax returns of all kinds in 1962 and of 107 million in 1967. The average increase in the number of tax returns to be processed in the last 5 years has been over 2 million a year. It is likely that this increase will continue for the next 5 years—to look no farther ahead. This means that the IRS must organize itself to handle another 11 million tax returns by 1972, or a total of 118 million.

Mr. HENDERSON. Mr. Secretary, I might stop you right there and ask you a question with regard to the low cost. Does that include all of the cost of the Internal Revenue Service?

Mr. BARR. Absolutely, sir.

Mr. HENDERSON. Includes the enforcement—

Mr. BARR. Includes the enforcement, compliance, data processing, all the agents; it includes every item with the possible exception, sir, of the level of administration, the instruction that it gets from the

office of the Secretary, which is a very, very small part of the Treasury, which is in a separate appropriation.

Mr. HENDERSON. As a matter of general information would you say that the auditing and enforcement sections collect enough taxes to have it in such a ratio as this?

Mr. BARR. Yes, sir, I am quite sure, Mr. Chairman.

Mr. HENDERSON. What I am trying to get at here is a picture of how the tax money flows through the bureaucracy, if you will pardon the expression. Also, you have the auditing and the enforcement sections. It would seem to me, or I am just wondering how they could have anything like such a low ratio unless there is widespread gyping by taxpayers.

Mr. BARR. Let's see if I understand precisely what you are asking, Mr. Chairman. The cost—as I say, we collected \$148 billion in fiscal year 1967. Our appropriations for IRS was about \$690 million. So we got that 50 cents per \$100 by dividing our appropriation into the \$148 billion.

Mr. HENDERSON. I am not sure within the Internal Revenue Service I can break out what is auditing and enforcement.

Mr. BARR. Right.

Mr. HENDERSON. Going back checking the returns and trying to find taxpayers that are not paying their taxes either through fraud or through more than typical errors. I am just wondering how expensive is that when you are talking about less than a half cent per dollar collected. I am wondering in that area if you have some idea of what the cost of that collecting a dollar is.

Mr. BARR. I was just asking what our total budget for compliance is.

Mr. WEATHERBEE. It is about \$490 million dollars.

Mr. BARR. In other words, out of the \$700 million we spend in IRS about \$500 million is spent directly in the area of taxpayer compliance.

Mr. HENDERSON. How much taxes does that get for us?

Mr. BARR. We estimate—the Appropriations Committee accepts this estimate; we think they are low—the Appropriations Committee agrees with us that an additional dollar spent on compliance at this level of operation in which we are operating now will generate six additional dollars in revenue. Now there is, of course, a limit as to how far you go.

Actually I can give you a figure in the 3 years in which I have been Under Secretary—I had these prepared for my old neighbor, Mr. Gross, to show I was living under a good influence here. I haven't forgotten the salutary influence from Mr. Gross when I was in the Congress. The 3 years I have been in the Treasury the Congress has given us \$77 million in additional appropriations for Internal Revenue. With that \$77 million we have collected an additional \$16½ billion, a ratio of about 20 to 1.

Now I don't say that if they give us another \$77 million—I think there is a limit. The American people are essentially very honest people, especially when they are backstopped by an efficient system. We have two things working in our favor in Internal Revenue. One of them, the most important, in my opinion, is the emphasis that has come from this committee and other committees of the Congress in an absolutely topflight management system, recruiting system, execu-

tive training system, and in the generosity of this committee and the Congress of giving us the number of supergrades that we need to administer this highly complex system that touches every taxpayer. That is the most important.

The second most important, Mr. Chairman, I think has been the advance of technology. We have been able to computerize our internal revenue system, take advantage of computers to an extent where it is much, much more difficult for a taxpayer to evade this tax collecting net.

These two things are the crucial factors. But of the two factors I would say that the human factor is much more important.

Mr. HENDERSON. Well, I was afraid that I might be getting far afield, but with your first point you make there perhaps we are not too far afield.

Mr. BARR. No, sir.

Mr. HENDERSON. Go right ahead with your statement.

Mr. BARR. The handling of this vast flow of information—perhaps the largest in the world—requires great skill, foresight, and careful planning if the process is not to collapse under its own weight. The IRS has already shifted on a massive scale to a computer operation to expedite the processing of these returns. But as the volume mounts, new solutions and new technology must be developed.

As the flow expands, the IRS must expand its activity to insure compliance with the tax laws. Here, other highly complex skills are required—the method of selection of the return to be reviewed, higher caliber accounting and legal talents needed to cope with more complicated returns as incomes rise and the like. Planning and programming skills of a high level are required to seek out the trends and develop the requirements for a smooth adjustment to the expanding flow of work.

The Customs Bureau, to take another example, also faces a mounting volume of activity. In the last 5 years, the volume of imports has increased from \$16 billion in 1962, to well over \$26 billion in 1967. Customs collected \$1.6 billion in revenue, duties, and other taxes in 1962, and \$2.8 billion in 1967.

To handle this large volume of imports, the Customs Bureau processed 1.5 million formal entries in 1962, and 2.2 million in 1967, an increase of around 50 percent. With the stimulus to foreign trade that will result from the Kennedy round, it can be expected that this volume of work will increase substantially. On a conservative basis, it is estimated that the number of entries to be processed can rise by at least 50 percent over the next 5 years. By 1972, the Customs Bureau could have to deal with over 3 million formal entries.

The number of travelers arriving in the United States, whether foreigners or Americans returning from abroad has increased tremendously. In 1962, the number that arrived was 158 million; in 1967, over 200 million—greater than our population. As incomes and population expand, the numbers traveling can also be expected to expand. By 1972, the increase in travelers to be handled at the borders could rise to over 250 million—at a rate faster than the U.S. population rise.)

The Customs Bureau must also cope with the effects of new technology—larger passenger jets, the trend toward containerization, and

the like. In 1969, the jumbo variety of aircraft—that's the 747, carrying 350 to 500 passengers per plane—is expected to be in commercial operation. New techniques are being, and must be, developed for handling new huge masses of goods and people coming in new forms of transportation. The Customs Bureau, too, must have the best talents available to continue to carry out its job successfully.

These two major examples are sufficient indicators of the rising volume of work. Other bureaus can report similar instances.

The impact of the revolution in technology itself deserves more discussion than can be given here. As the electronic revolution proceeds, new methods of recordkeeping begin to develop. Tapes of transactions begin to replace paper records. A greater interlocking of transactions through the banking system begins to take place. The end result of such a development will be nationwide and/or regional networks of computers which will transmit information to each other on various transactions. This potential development has led to talk of a checkless society and of one where currency will not be needed to anything like the present extent. The implications of such a system are enormous. The U.S. Government, for example, is now issuing about 550 million checks a year. These could be replaced by computer transactions. Similarly, payments to the Government could take place in the same manner. Transactions would be recorded on tapes and analysis of records would become analysis of tapes.

The full flowering of these developments is still in the future—some estimates say in the seventies. The Treasury already has in being a large and growing computer operation. It will continue to grow. These developments underscore the need for increasing the quality and number of top management talents by the Treasury.

It is not only the complexities of size and technology that the Treasury must be concerned with. These are only reflections of the fact that our society is becoming more complex, as is the world. New problems continually arise in international finance, tax policy, and debt management. These, too, require more and more top level talent.

What is clear is that these requirements are not limited to the Treasury. The competition for top level talent becomes greater. The Treasury, to be able to continue to do its job effectively, must be able to compete.

Mr. Chairman, for 5 years we have had no increase in the number of supergrades authorized by the Civil Service Commission for the Department, despite increasing responsibilities, workloads, complexities in operations and staffs. Our bureaus and offices have pressing needs for 75 additional supergrades. It is my understanding that we may expect to have, at most, one-third of that number allotted to us out of the increase being considered by this committee. While this increase will not be sufficient to meet our needs, it will enable us to meet some of our top priority requests and certainly will be helpful. For example, we should be able to bring the Bureau of Customs nearly up to the full supergrade staffing planned on passage of the President's Reorganization Plan No. 1 of 1965, correct some serious inequities in the Internal Revenue Service, and shore up top management by judicious assignment of a few supergrades to other bureaus and offices.

The chairman, in his July 20 letter, asks several questions pertinent to high-grade positions in the Treasury. I will be pleased to discuss this or other questions at this time, if you wish.

Mr. HENDERSON. Mr. Secretary, I know the answer, but why didn't you get any the last go-round?

Mr. BARR. We tried, Mr. Chairman. The Civil Service Commission decided there were other priorities more pressing than ours.

Mr. HENDERSON. Well, in that regard, would you insert or give for the record, if you are not prepared to do it now, the bureau, the job titles, the grade level, the need for these additional 75, any of the detail substantiation that you can furnish us? (See p. 135.)

Mr. BARR. Yes, sir. I have one area, Mr. Chairman, I would like to speak for. I will furnish it, of course, for the record. But we reorganized the Customs Service in 1965. This was the first time this old, old service, which goes back to the earliest days of the Republic, had been reorganized. What we did in effect was to get rid of the political appointees that we had in the Customs Service. This was a bit of a wrench for all of us.

The Customs Service used to be the place they put poets. If you had an artist or poet this was a place—Walt Whitman was a customs collector, Edgar Allen Poe was a customs collector. I don't think they collected much customs, but this was the place we put off some of our artistic talent in the United States.

Unfortunately, as I have indicated, we now are collecting right around \$3 billion a year from customs, almost double. It is a huge increase, and it got literally beyond the place where you could treat it as a political operation. We were forced to reorganize it, to regionalize it, and be prepared to computerize it.

Let me show you one problem I have in this area that concerns me. I have mentioned that it costs us 50 cents to collect a hundred dollars of taxes in Internal Revenue. Now in Customs we pulled it down—it costs us 3.4 cents to collect a dollar, costs us \$3.40 to collect \$100 of customs revenue, 50 cents to collect a hundred dollars in taxes. You can see there is a disparity there.

I will never be able—I don't think it is possible under management circumstances to get that ratio down because the volume of customs isn't that high. But I am not satisfied with this record.

Now speaking to Mr. Gross again, to defend my own record, I did get that down from \$4 per hundred to \$3.40 per hundred in the last 3 years, so I have improved our record about 15 percent. Our efficiency in collecting the customs has improved about 15 percent, from \$4 per hundred to \$3.40 per hundred.

But we still have a long way to go, Mr. Chairman. I think we could get it down to under \$3 if we can get staffed up and implement this program completely.

Mr. HENDERSON. How many supergrade positions did you lose when one or more of the organizations were taken from Treasury to the Department of Transportation?

Mr. WEATHERBEE. Two.

Mr. BARR. Two. Just Coast Guard.

Mr. HENDERSON. This did not have any material impact upon your need for 75 at this time?

Mr. BARR. No, sir; it did not.

Mr. HENDERSON. How many total employees did you lose as a result of the reorganization?

Mr. WEATHERBEE. Something over 5,000 civilian and 35,000 military personnel.

Mr. GROSS. 35,000?

Mr. WEATHERBEE. Military. Coast Guard.

Mr. HENDERSON. Mr. Secretary, would you like to speak for the record at this point, assuming for a moment that Congress did not see fit this year to grant any of the supergrade positions requested by the administration, what would be the impact upon Treasury and the operation of the Department?

Mr. BARR. I think I would be slowed up in my drive to get cost of collecting customs to that under the \$3 level, which is my target for this year and next year. I don't know that it would be possible to achieve it. I think that would be the most important impact.

Secondly, I think that we are in a position now in Internal Revenue where we have held the level on the supergrade level for 5 years. I think events have overtaken us, and I think I need a few there. But the few that I will get there, I will not be able to come back to this committee and say maybe I could get it down to 49 cents—it won't be that apparent in the collection of taxes. But I am afraid, Mr. Chairman, that events are going to overtake us if that situation doesn't break loose in Internal Revenue soon. We have to face the fact that this country grows. Each year we are going to have to process 2 million more tax returns. The tax system is a little simpler than it used to be. With the other actions the Congress has taken, really it is a little simpler system, but business is getting much more complicated, Mr. Chairman.

It used to be that our major problem—we had an easier job in the States or the local governments because tax dollars that moved around the country stopped. We could at least stop it within the boundaries of the United States. Today most American business, the large corporations are worldwide corporations operating in every continent of the world and in nearly every country in the world. This poses a new strain, a new dimension, in which we now don't have the easier job that we used to of stopping the tax dollar at the boundaries of the United States. We have to track that tax dollar down in Europe, Africa, Australia, Asia, wherever it could be.

Mr. HENDERSON. Mr. Gross.

Mr. GROSS. Thank you, Mr. Chairman. Mr. Barr, it is good to see you before the committee again.

Mr. BARR. Thank you, sir.

Mr. GROSS. You refer to the stimulus to foreign trade that will result from the Kennedy round. Are you really that optimistic?

Mr. BARR. Well, that's what the statement says here, Mr. Gross. Personally I prefer to reserve judgment on this issue. I will wait and see. It could have.

The one place where I am most hopeful, I will say as a Midwestern farmer speaking to another Midwestern farmer, the one place where it could be most helpful I think is agriculture, but I could be wrong there. There is a chance for it.

Mr. GROSS. Of course, there is always hope, but I am afraid some of us will die in despair before this happens.

Mr. BARR. We are not doing bad in the agricultural area, though, Mr. Gross. We are selling about 25 percent of everything we grow in the United States overseas.

Mr. GROSS. Well, I wish someone would account for the fact corn has dropped, what—30, 45 cents a bushel in the last few months. But we won't go into that here.

You also refer to the number of travelers arriving in the United States, Americans returning from abroad, and so forth. I thought the injunction by President Johnson was that Americans see America rather than increased traffic overseas trying to do something about the balance of payments.

Mr. BARR. That has been the injunction, Mr. Gross, and we had great hopes for that, but the hopes have been dashed. Americans, it seems you can't keep them at home, and as the income of the average American rises they are bound to get out and see the world, and they are going to, and I frankly don't know any way to stop them. That, to me, is a hopeless situation.

Mr. GROSS. I am glad to hear one top-level spokesman for the administration say that the injunction hasn't meant very much. I think it is pretty apparent, however.

Now getting right down to this supergrade business, how many supergrades left your Department last year?

Mr. BARR. Two.

Mr. GROSS. Two, And that was because of the reorganization?

Mr. WEATHERBEE. That was because of the transfer of the Coast Guard to the Department of Transportation.

Mr. GROSS. You lost none from the standpoint of losing them to other jobs?

Mr. WEATHERBEE. One was a lawyer and the other was a telecommunications expert. In addition to these losses, 15 have left the Department in the past year: One to private industry, three to other agencies, eight retired, two to university teaching positions, and one death.

Mr. GROSS. What percent of your supergrade incumbents are promoted from within?

Mr. BARR. I have that figure here, Mr. Gross.

Mr. GROSS. At the same time you might give us the percent recruited from colleges, universities, and private industry.

Mr. BARR. I will supply this for the record, Mr. Gross. We don't have it broken down departmentwide. We have it broken down for bureaus. But as I look through it I would say almost 100 percent are promoted from within.

Mr. GROSS. Very well. If you will supply it for the record I will appreciate it. (See p. 138.)

Mr. BARR. Yes, sir.

Mr. GROSS. One more question. It was touched on, I believe, earlier. Do you have any research contracts or management contracts of any kind?

Mr. BARR. We do have occasionally contracts in these areas, Mr. Gross. We have contracts in tax policy, we have computer runs. I think we have one currently with the University of Pennsylvania. Whenever there is a change in the tax system we have contracts in the area, we have contracts in the area of international finance, and we do employ management consultants occasionally.

Mr. GROSS. Well, just to shorten this up because we are working on short time, would you submit also for the record any contracts that you presently contemplate, whether research or management, and the employment of consultants?

Mr. BARR. Be delighted to, sir. (See p. 138.)

Mr. HENDERSON. Mr. Hamilton.

Mr. HAMILTON. Mr. Barr, we are very happy to have you here today. I would like for you to comment just generally, if you would, on this recruitment problem that you touched upon in your statement and how you rank it among your tasks.

Mr. BARR. We have a peculiar recruitment problem, Mr. Hamilton. The Treasury is so much like running a large financial institution or a large industry that the talents we need are in great demand by private industry. They are also in great demand by the universities. As a result, there is a very, very large turnover in our tax lawyers in Internal Revenue. A young man—we now have a rule, I think, they have to stay 4 years before we will hire them. We won't hire a tax lawyer unless he will agree to stay for 4 years. But then he gets out and he goes on. It is a very lucrative profession, as you know, and they leave.

The advantage is that we can get the brightest young men coming out of the law school. We don't have any trouble at all getting the very brightest of the law school graduates in IRS, but we can't hold them much longer than 4 years. So we have a lot of turnover.

This does not dismay me. I sometimes look around and find some very young looking lawyers advising us in this area, but they are certainly bright. We have no difficulty at all getting the top of the class.

In other areas of recruitment we have the same problem that runs through debt management, for instance, the banks will hire them away. In international finance it is extremely difficult to hold people there. Two years sometimes in the top echelon is about all we can hold them. We are accustomed to a large turnover in our people, which is dismaying, at the top echelon. But the offsetting factor is we never have any difficulty going out putting our hands on what we consider to be the best man available, and we can hold him 2 to 4 years.

Mr. HAMILTON. Salaries would be the chief reason you are not able to hold people?

Mr. BARR. That is correct. And, Mr. Hamilton, as far as we are concerned, I don't think that we can get our salaries high enough. The last man we lost, he went to \$60,000. They hired him away at \$60,000.

Mr. HAMILTON. There is no real prospect that the Government would ever be able to pay salaries that would be able to hold these people?

Mr. BARR. Not for the Treasury, Mr. Hamilton. I don't think it is realistic, not in the very top echelons.

But on the other hand, they get an experience with us that is invaluable to them that they can get no place else. So I think now when we drop below the very top echelon, we drop, say, to 15, 16, some of the supergrades we are talking about, it could help. It would help us hold on to the people who want to make a career of the Government and who are on the margin. But for the very, very top echelon there is a tremendous turnover in the Department.

Mr. HAMILTON. Let me ask the same question I asked the other Secretary. How do you view the supergrade restriction as an administrator? What kind of an obstacle is it to you, or is it an obstacle? Would you be able to administer your Department more efficiently without it?

Mr. BARR. Yes. No question that on—

Mr. HAMILTON. More economically?

Mr. BARR. Yes. I am convinced that if somebody would give me 15 supergrades that I could complete my customs reorganization, I could get on to my cherished goal of getting down the cost of collecting customs. I could not make the same demonstration in IRS, but as I have indicated, something has to break loose there. Events are overtaking us. We are going to have to move ahead.

In essence, Mr. Hamilton, as I have indicated, we have a record here that I like to boast about a little bit, but it is in essence people and machines.

Mr. Gross, before you leave I had one other figure, if I could give it to you. I have cut the cost in the last 3 years—I did my homework, and you excuse me for bragging just a little bit—but cut the cost of producing a thousand paper dollars from \$8.90 to \$8.42 per thousand.

Mr. GROSS. If the gentleman will yield—

Mr. HAMILTON. Certainly.

Mr. GROSS. You didn't buy another high speed printing press from Britain to do it, did you?

Mr. BARR. No, we didn't. I have one other figure, and I won't bore you any more with these. We have also cut the cost of writing a check. We write 550 million checks a year. We cut that cost from \$3.05 to \$2.87 in the last 2 years.

Mr. GROSS. You know, Mr. Barr, if the gentleman will yield—you know if you keep talking about the economies you have achieved—you might talk yourself out of these supergrades.

Thank you.

Mr. BARR. Thank you, Mr. Gross.

Mr. HAMILTON. Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. Brasco.

Mr. BRASCO. Yes, I did want to ask a question. As you know, the supergrades begin at \$20,000 or thereabouts. These are all management positions.

Mr. BARR. Right.

Mr. BRASCO. Are you then saying in terms of being able to cut the cost of collecting custom revenues that you have enough Indians to do the job and not enough chiefs, or would there be, of necessity, a substantial increase in the personnel that would have to do the work—the leg work—in terms of collecting the totals?

Mr. BARR. We need both, Mr. Brasco. You are quite correct that you can't have the chiefs without the Indians. But I believe that the immediate shortage that is facing me right now, if I had to choose, I would choose to complete the organization plan and then flesh it out with the chiefs and then flesh it out with the Indians.

Mr. BRASCO. In other words, start with the top and continue down?

Mr. BARR. Yes, sir, in this instance.

Mr. BRASCO. I think Mr. Gross touched on this, but did I understand you to say that the supergrades would be people who would come up through the service?

Mr. BARR. Yes, that is correct.

Mr. BRASCO. There is no plan to recruit outside the service, or would it be a combination, possibly, of both?

Mr. BARR. In the case of customs it would be within the service. We have the people that are there. We have them qualified, we have

them ready to move. There would not be much recruitment outside the service. It is a highly technical operation, Mr. Brasco, and in that particular instance I don't think we could recruit effectively outside the service except in some of the legal positions possibly. In Internal Revenue we can and do recruit from outside the service. But we try for morale purposes to maintain the emphasis on building a viable and interesting and challenging career within the service. So most of it is done within.

Mr. BRASCO. Just one last thing. A port collector, of course, comes under the Customs?

Mr. BARR. That is correct.

Mr. BRASCO. That would obviously be a supergrade.

Mr. BARR. That is correct. Was that correct?

Mr. WEATHERBEE. Except for New York, we don't have many supergrades at the ports.

Mr. BARR. I'm sorry. I stand corrected.

Mr. WEATHERBEE. See, we had a regionalization of the Customs Service in 1965.

Mr. BRASCO. We do have a port collector in New York?

Mr. BARR. That is correct, and he is a supergrade.

Mr. BRASCO. That was a recent appointment?

Mr. BARR. Yes.

Mr. BRASCO. Was that someone who came up through the Department?

Mr. BARR. Yes. His name is Michael Stramiello, Jr., isn't it?

Mr. WEATHERBEE. He came from outside some years back and he had been a political appointment originally, and he converted to a career appointment after qualification through departmental channel and the Civil Service Commission channel.

Mr. BRASCO. But he was in the Department before he became a port collector?

Mr. BARR. That is correct.

Mr. BRASCO. Thank you.

Mr. HENDERSON. Mr. Barr, you certainly gave an excellent presentation this morning, and inasmuch as you were not in the supergrade bill last year I think it most important that I just briefly say to you—you may want to confer with Chairman Macy on this point—that last year our problem was that this subcommittee and the House granted substantially more supergrade positions than the other body agreed, or that we were able to get in conference, and it was the task of the conferees of the House—Mr. Gross and I were conferees and found ourselves in a most unusual position of arguing most strenuously for the administration's request over there.

I have been very much impressed with the fact that you waited 5 years, that you have improved efficiency, and while Mr. Gross' remark certainly was not too serious about talking yourself out of these, I think that he would agree with me that we would rather reward the departments for doing an excellent job, a better job of manpower efficiency, and this will be our true objective.

I would want you, if you know anything you can do to present your requirements to the other body and get a little more favorable climate over there for what we anticipate to give you in the operation of last year, it would be most helpful to us.

Mr. BARR. I will certainly do all I can.

Mr. HENDERSON. Our time is about up, but I think you can appreciate, perhaps better than some of the other witnesses, that as we move in the area of our true jurisdiction that we run into some things that we would like to ask about that are not directly in our jurisdiction. I have one since we do have a minute or two, if you are not pressed for time.

Mr. BARR. I would be delighted.

Mr. HENDERSON. We have been concerned—at least I have been concerned, as has been developed by our staff that the Federal Government employees overseas are taxpayers and pay the Federal income taxes, but we know that there are a large number of employees of private corporations that are primary Government contractors. For example, in Vietnam, in the Far East, it would be quite an extensive number. And if they stay overseas 18 months they do not pay Federal income taxes.

My question is, Have you given consideration—have you considered this a problem and have you given consideration to making recommendations to change the tax law in this regard?

Mr. BARR. We attempted to in 1962, Mr. Chairman. We went at this. There are some rather classical examples, mostly of movie stars, Mr. William Holden and Elizabeth Taylor and a few others, who had enormous incomes—

Mr. HENDERSON. Are you making a distinction between the fact that they are not earning their pay directly from the Federal Government?

Mr. BARR. Yes.

Mr. HENDERSON. As do the employees and contractors working directly on Government—

Mr. BARR. I see. You are addressing yourself to the point of a contractor with a—

Mr. HENDERSON. I am not sure—I have a feeling with regard to our movie stars or other Americans working overseas, but I am trying to get at what I think maybe is a discrimination in that if the Treasury Department puts an employee overseas that employee has got to pay income tax. But if we use the indirect method, as the Department of Defense does, to such an extent that they give a contract to build a harbor, and it takes 2 years, the contractor moves a group of American citizens over there, they stay 18 months and they get this tax advantage. Of course, maybe this is one of the techniques to get them over there, but I would rather see them get more pay and pay the tax on their income over there.

Mr. BARR. Mr. Chairman, this is the first time this issue has come to my attention. I will be delighted to furnish you a paper, will have our tax analyst—

Mr. HENDERSON. You might want to do this, too. You might want to have somebody in the Department confer with Mr. Bray, who is familiar with the background.

Mr. BARR. I can see the problem you are posing. You might have two people, one a Government employee, the other a contractor employee, working side by side with different tax situations.

Mr. HENDERSON. This is what we have found, and we think it is a pretty bad—I do—policy of our Government to have one citizen who has gone overseas working as a Government employee having to pay

tax and his counterpart working for a contractor doing the same thing not paying taxes.

Mr. BARR. Yes, sir. I see your point. I will be delighted to supply a paper on it. I have learned not to jump into these tax decisions quickly. Somebody always jumps all over me when I do. But I will give you a considered paper on this, Mr. Chairman. (See p. 139.)

Mr. HENDERSON. That will be fine, sir. I think it might be a matter that you would want to look into.

Well, very fine. You did a good job. We appreciate your coming over, sir.

Mr. BARR. Thank you.

(Whereupon, at 12 noon, the subcommittee adjourned.)

(The material requested of Mr. Barr was furnished the subcommittee and is made a part of the record as follows:)

BREAKDOWN OF ADDITIONAL NEEDS (75 SUPERGRADES) BY BUREAU, TYPE OF POSITION AND GRADE, AND JUSTIFICATION OF NEED

Attachment A lists the supergrade positions which represent the urgent needs expressed by bureaus and the Office of the Secretary in the Treasury Department.

Each set of supergrades is discussed below with pertinent comments as to the type of position and the justification for the expressed need.

OFFICE OF THE SECRETARY

The GS-17 and five GS-16 positions requested are all concerned with the proper administration of the respective programs indicated by the titles. For example, the Deputy Director in the Office of Financial Analysis and the Chief, Excise Tax Staff supply data needed for taking or recommending financial and tax action by the Secretary. The other four positions are needed to help improve management, program, and budget planning throughout the Treasury Department.

BUREAU OF ACCOUNTS

The position for Comptroller is essential to efficient and effective financial management of the Bureau of Accounts to assure continuance of past efforts to utilize resources most economically.

BUREAU OF CUSTOMS

Because of the scarcity of supergrades, the first six positions were cancelled to provide spaces to implement the reorganization of the Bureau of Customs even though they are necessary for the most efficient administration of operations. The last six represent positions needed to carry out most effectively, the recently established regional offices whose concern is improvement of enforcement of customs laws. Mr. Barr's statement before your committee on July 27, 1967, clearly stresses also the need to improve operations in Customs in order to reduce costs. Recognition of accomplished efficiency, effectiveness and economy by means of supergrades for those who have achieved these results is a positive way to insure their continuance.

BUREAU OF THE MINT

The position of Assistant Director of the Mint represents the third position in line of authority in the Mint. The supergrade is necessary to recognize sufficiently the enlarged and accelerated pace of activities in the Mint and to assure equity with similar positions elsewhere. The three Superintendent positions represent the highest level operating positions in the Mint.

BUREAU OF NARCOTICS

For many years the Bureau of Narcotics suffered high turnover of personnel at all grade levels because of lack of recognition of the true value of its jobs. The six positions now being requested represent the final stage of intensive analysis of positions in the Bureau to assure equity with law enforcement positions elsewhere.

INTERNAL REVENUE SERVICE

The titles themselves are indicative of the kind of positions for which supergrades are being requested by the Service. All of them are necessary for the effective administration of tax laws. Mr. Barr's statement of July 27, 1967, pinpoints the need for recognition of these positions at the supergrade level requested i.e., reduction of costs, extensive computerization, and internal equity.

The net figure of *additional new* supergrades represented by the attached requests for all offices totals 75; the remaining number of requests represents an upgrading of existing supergrades from GS-16 to GS-17.

Attachment A

OFFICE OF THE SECRETARY

GS-17

Deputy Director, Office of Financial Analysis, Office of Secretary.

GS-16

Special Assistant to Assistant Secretary, Office of Secretary.

Director, Accounting Systems and Procedures, Office of Secretary.

Director, Internal Audit, Office of Secretary.

Chief, Excise Taxation Staff, Tax Analysis, Office of Secretary.

Program Specialist, Office of Planning and Program Evaluation, Office of Secretary.

BUREAU OF ACCOUNTS

GS-17

None.

GS-16

Comptroller, Accounts.

BUREAU OF CUSTOMS

GS-17

None.

GS-16

Director, Division of Tariff Classification Rulings, Customs.

Director, Division of Entry Procedures and Penalties, Customs.

Deputy Assistant Commissioner, Office of Investigations, Customs.

Deputy Director, Division of Appraisalment and Collections, Customs.

Assistant to the Commissioner (Foreign Customs Assistance), Customs.

Deputy Director, Inspection and Control, Customs.

Assistant Regional Commissioner, Administration, New York, Customs.

Regional Counsel, New York, Customs.

Assistant Regional Commissioner, Operations, Chicago, Customs.

Assistant Regional Commissioner, Operations, Boston, Customs.

Assistant Regional Commissioner, Administration, Chicago, Customs.

Assistant Regional Commissioner, Administration, Boston, Customs.

BUREAU OF THE MINT

GS-17

None.

GS-16

Assistant Director of the Mint.

Superintendent, U.S. Mint, Philadelphia.

Superintendent, U.S. Mint, Denver.

Superintendent, U.S. Assay Office, Mint, New York.

BUREAU OF NARCOTICS

GS-17

None.

GS-16

Chief Counsel, Narcotics.

Assistant Commission (Permissive), Narcotics.

District Supervisor, San Francisco, Narcotics.

District Supervisor, Chicago, Narcotics.

District Supervisor, Rome, Narcotics.

Chief Inspector, Narcotics.

SECRET SERVICE

GS-17

Assistant Director (Administration), Secret Service.

GS-16

Special Agent in Charge, Washington Field Office, Secret Service.

PRIORITY LIST OF SUPERGRADE NEEDS IN IRS

GS-17

Director, Planning and Analysis Division, AC (P & R).¹
 Director, Interpretative Division (CC).
 Director, Fiscal Management Division, AC (Adm).
 Director, Personnel Division, AC (Adm).
 Director, Operations Division, AC (DP).
 Director, System Division, AC (DP).
 Director, Operations and Planning Division (CC).
 Director, Systems Development Division, AC (P & R).
 Director, Statistics Division, AC (P & R).
 Director, Refund Litigation Division (CC).
 Director, Collection Litigation Division (CC).
 Director, Alcohol and Tobacco Tax Legal Division (CC).
 Director, Public Information Division, AC (Adm).
 Regional Inspector, North-Atlantic Region.
 Regional Inspector, Western Region.
 Regional Inspector, Mid-Atlantic Region.
 Regional Inspector, Midwest Region.
 Regional Inspector, Central Region.
 Regional Inspector, Southeast Region.
 Regional Inspector, Southwest Region.
 Director, North-Atlantic Service Center.
 Director, Western Service Center.
 Director, Mid-Atlantic Service Center.
 Director, Central Service Center.
 Director, Southeast Service Center.
 Director, Midwest Service Center.
 Director, Southwest Service Center.

Total GS-17: 27.

GS-16

Director, IRA Data Center.
 Assistant District Director, Buffalo.
 Assistant Director, Interpretative Division (CC).
 ARC (Audit), Southwest Region.
 ARC (Intelligence), Southwest Region.
 ARC (Collection), Southwest Region.
 ARC (Data Processing), Western Region.
 ARC (Data Processing), Midwest Region.
 ARC (Data Processing), Southeast Region.
 ARC (Data Processing), Southwest Region.
 Assistant Director, Internal Audit, AC (Insp).
 Assistant Director, Internal Security, AC (Insp).
 Assistant Director, Fiscal Management Division, AC (Adm).
 Assistant Director, Personnel Division, AC (Adm).
 Assistant Director, Operations Division, AC (DP).
 Assistant Director, Systems Division, AC (DP).
 Assistant Regional Counsel, Jacksonville (CC).
 Assistant Regional Counsel (Tax Court) Chicago (CC).
 Assistant Director, Operations and Planning Division (CC).
 Assistant Director, Refund Litigation Division (CC).
 Assistant Director, Statistics Division, AC (P&R).
 Assistant Regional Counsel (Tax Court) San Francisco (CC).
 Assistant Regional Counsel, Washington Branch Office (CC).
 Assistant Director, Collection Litigation Division (CC).
 Assistant Director, A&TT Legal Division (CC).
 Director, Technical Publications Services Division, AC (Tech).

¹ Pending at CSC.

NOTE.—Proposed Director and Assistant Director, Miscellaneous and Special Provisions Tax Division, are also pending at CSC. IRA spaces are available for these two positions.

Chief, Pension Trust Branch, AC (Tech).
 Chief, Estate and Gift Tax Branch, AC (Tech).
 Chief, Audit Division, Los Angeles.
 Chief, Audit Division, Chicago.
 Director, Reports Division, AC (DP).
 District Director, Providence.
 District Director, Albuquerque.
 District Director, Augusta.
 ARC (A&TT) Western Region.
 ARC (A&TT) Southwest Region.
 Chief, Administrative Provisions Branch, AC (Tech).
 Chairman, Tax Forms Coordinating Committee.
 Assistant Director, Public Information Division, AC (Adm).
 Assistant Director, North-Atlantic Service Center.
 Assistant Director, Western Service Center.
 Assistant Director, Mid-Atlantic Service Center.
 Assistant Director, Midwest Service Center.
 Assistant Director, Central Service Center.
 Assistant Director, Southeast Service Center.
 Assistant Director, Southwest Service Center.

Total GS-16: 46.

Total All Supergrades: 73.

**PERCENT OF SUPERGRADE EMPLOYEES RECRUITED FROM COLLEGES, UNIVERSITIES,
AND PRIVATE INDUSTRY FOR THE 300 SUPERGRADE POSITIONS**

In the last 2½ years, 2 Supergrade employees or 0.66 of 1% were recruited from outside sources:

- 8/66—Jerome Kurtz GS-18 Tax Legislative Counsel, O.S.
 From: Law Firm (Partner) Philadelphia, Penn.
 2/66—Melvin I. White GS-18 Deputy Asst. Sec. For Tax Policy
 From: Brooklyn College, Professor of Economics, (On 2 yr. leave-
 of absence)

**PERCENT OF SUPERGRADES FILLED BY PROMOTION FROM WITHIN FOR THE 300
SUPERGRADE POSITIONS**

In the last 2½ years, 98.7% were filled by promotion from within Treasury.
 4 positions were filled—2 from outside government and 2 from other Departments:

- 7/67—Bernard J. Beary GS-16 Deputy Director of Personnel
 From: Post Office Dept. Program Planning Officer, GS-16.
 4/66—Phil W. Jordan GS-16 Assistant Director Administration
 From: General Services Administration, Attorney Advisor, GS-15.

CURRENT RESEARCH OR MANAGEMENT CONTRACTS¹

Bureau	Contractor	Nature of contract	Amount
Internal Revenue Service.....	Benson, Stagg & Associates, 28 West 44th St., New York, N.Y.	Study and recommendations for revision of Internal Revenue Service form letters.	\$38,800
Office of International Affairs.....	Nigel Chattey Associates, Inc., 535 5th Ave., New York, N.Y.	Study on balance-of-payments effect of shipping.	11,000
Office of the Secretary.....	The Regents of the University of California, Los Angeles, Calif.	Research study to evaluate the impact of U.S. Treasury policy variables on real estate investment.	96,183
Do.....	Trustees of the University of Pennsylvania, Office of Project Research and Grants, the University of Pennsylvania, Philadelphia, Pa.	Research on the effect of specific tax measures on investment activity, and the resulting effect on the economy as a whole.	37,414
Do.....	International Enterprises, trading as the Olympic Club, 2400 Shirlington Rd., Arlington, Va.	Judo instruction at Treasury Law Enforcement School for fiscal year 1968.	1,911
Bureau of the Mint.....	Parsons-Jurden Corp., 26 Broadway, New York, N.Y.	Engineering service for the new Philadelphia Mint (drawings, specifications, etc.)	443,574
Do.....	do.....	Construction management services for installation of equipment in the new Philadelphia Mint.	118,286

¹There are no additional research or management contracts presently contemplated.

EMPLOYMENT OF CONSULTANTS (CURRENTLY ON ROLLS OF TREASURY
DEPARTMENT)

Appointment authority:

Number appointed

Public Law 600----- 55; 3 without compensation.

Schedule A----- 27; 2 without compensation.
1 foreign national.

These consultants are available for services on an intermittent basis. The need for their services varies and depends on the issues, problems or programs under consideration. During fiscal year 1967, 8 to 10 consultants would work during a typical month for a period of 1 to 4 days. These people are outstanding economists, attorneys, industrial management specialists and professors of international business, social science, law and finance.

THE UNDER SECRETARY OF THE TREASURY,
Washington, D.C., August 9, 1967.

HON. DAVID N. HENDERSON,
*Chairman, Subcommittee on Manpower and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is in response to your inquiry regarding the exclusion afforded U.S. citizens on earned income from sources without the United States during my recent appearance before your Committee.

Under present law an exclusion is provided for U.S. citizens who are temporarily abroad and also for those who are residing overseas. The former requires that the taxpayer be overseas for 510 days (approximately 17 months) during a period of 18 consecutive months, as a result of which he may exclude from otherwise taxable income an amount not exceeding \$20,000. U.S. citizens who establish residence overseas and maintain such residence for at least one full taxable year may exclude up to \$20,000 of income for the first three years of such residence and \$25,000 per year thereafter. In both cases the exclusion is limited to income earned from the performance of personal services overseas (other than amounts paid by the United States) and is inapplicable to such items as interest, dividends and capital gain.

A brief history of section 911, and its predecessors, is necessary for a complete understanding of the exclusion and the exception for amounts paid by the United States. The provision originated in 1926 and excluded from U.S. tax earned income from sources without the United States of all U.S. citizens who were bona fide nonresidents for more than six months during the taxable year. In 1932, the House voted to eliminate this provision, but it was retained by the Senate and the Conference Committee, except for "amounts paid by the United States or any agency thereof". The apparent reason for the basic exclusion is that many countries do not tax the income of nonresident citizens. Section 911 tends to equate the position of U.S. citizens overseas with citizens of other countries, i.e., exempting them from U.S. tax on a portion of earned income but, of course, leaving them subject to tax by their host country. The legislative history of the exception to this rule for amounts paid by the United States indicates that Governmental income was not normally subject to tax by foreign countries.

Repeal of the entire exclusion has been suggested and considered by the Congress on at least two occasions (1932 and 1942). One of the principal arguments relied on for such repeal is that the U.S. foreign tax credit system provides satisfactory protection from double taxation. The section has been amended a number of times, and in 1962 and 1964 restrictions were imposed, supported by the Treasury, on the amount of income that can be excluded by U.S. citizens overseas.

You specifically inquired as to the reason for the distinction between U.S. Government employees overseas and employees of Government contractors. As indicated above, this distinction is generally justified on the grounds that Government employees are in most cases exempt from local tax and if an exclusion were provided for U.S. tax purposes such employees would not be subject to any tax on their income. In some cases, however, Government contractor personnel are also exempt from local taxes. This may be the result of the particular local tax law involved or as a result of agreements between the United States and the foreign government (such as the Status of Forces Agreements or

tax treaties). If the law were to be changed to deny section 911 benefits to contractor personnel, while certain discrepancies might be eliminated, new discrepancies could be created. This would occur for example in the case in which contractor personnel but not Government employees were subject to local tax.

The compensation and tax liability of United States Government employees are constant regardless of where the employee happens to be stationed. Where the cost of living overseas is higher than in the United States, additional foreign areas' allowances and cost-of-living allowances are provided the Government employee, but these allowances are excluded from taxable income under section 912 of the Internal Revenue Code. Conversely, contractor personnel are normally required to pay local taxes on their salary and cost-of-living allowance. Generally, the section 911 exclusion provides greater benefits than the exemption from foreign taxes enjoyed by Government employees only where the foreign tax on both the salary and the cost-of-living allowances is less than the U.S. tax on the salary alone.

Sincerely yours,

JOSEPH W. BARR.

Mr. Barr: This letter is in response to your inquiry regarding the exclusion of U.S. officers on earned income from sources within the United States during any temporary assignment abroad for U.S. officers who are temporarily abroad and also for those who are residing overseas. The former provision that the taxpayer be overseas for 330 days (approximately 17 months) during a period of 12 consecutive months, as a result of which he may exclude from overseas taxable income an amount not exceeding \$20,000. U.S. officers who establish residence overseas and maintain such residence for at least one full taxable year may exclude up to \$20,000 of income for the first three years of such residence and \$20,000 per year thereafter. In both cases the exclusion is limited to income earned from the performance of personal services overseas (other than amounts paid by the United States and is inapplicable to such items as interest, dividends and capital gain).

A brief history of section 911 and its predecessor is necessary for a complete understanding of the exclusion and the exception for amounts paid by the United States. The provision originated in 1938 and revised during U.S. war years from sources within the United States of all U.S. officers who were born in the United States for more than 6 months during the taxable year. In 1952 the House voted to eliminate this provision but it was retained by the Senate and the Conference Committee rejected the House's amendment that many countries do not tax the income of nonresident citizens. Section 911 tends to equalize the position of U.S. citizens overseas with citizens of other countries. For example, if a U.S. citizen on a portion of earned income may be covered for him from their own tax by their host country. The legislative history of the exclusion in this case for amounts paid by the United States indicates that Government income was not normally subject to a withholding country.

History of the entire exclusion has been suggested and considered by the Congress on at least two occasions (1962 and 1965). One of the principal arguments made on the first report is that the U.S. foreign tax credit system provided a safety factor protecting from double taxation. In 1962 the House provided a number of changes, and in 1965 and 1967 restrictions were imposed, supported by the Treasury, on the amount of income that can be excluded by U.S. citizens overseas. This is specifically indicated as to the reason for the distinction between U.S. Government employees overseas and employees of Government contractors. As indicated above, this distinction is generally justified on the grounds that Government employees in most cases exempt from local tax and if an exclusion were provided for U.S. tax purposes such employees would not be subject to any tax on their income. In some cases, however, Government contractor personnel are also exempt from local taxes. This may be the result of the fact that local tax law involved or as a result of agreements between the United States and the foreign government, such as the Status of Forces Agreements or